

INSIDE: DUKAKIS AND BUSH AT THE GATE

Maclean's

JUNE 20, 1988

CANADA'S WEEKLY NEWSMAGAZINE

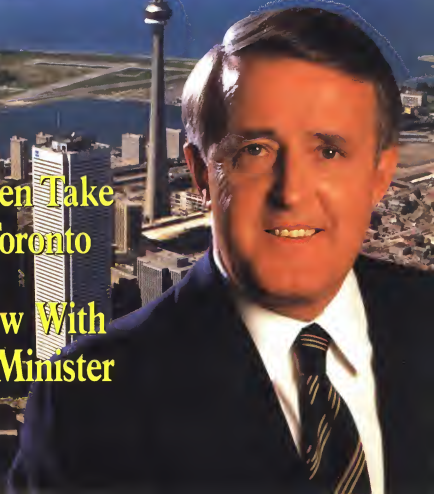
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SPECIAL REPORT

THE LAKESIDE SUMMIT

**The Big Seven Take
Stock In Toronto**

**An Interview With
The Prime Minister**





GOOD TIMES. CALL FOR THE CAPTAIN.



CAPTAIN MORGAN RUMS

Maclean's

JUNE 20, 1989, VOL. 121 NO. 26

COVER

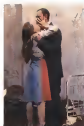
The lakeside summit

The meeting in Toronto of the leaders of the seven most powerful industrial democracies promises to take new steps toward their long-term goal of global prosperity. It provides the host city with a rare chance to present before a global audience. And it presents Prime Minister Brian Mulroney with an opportunity to burnish his pre-election image. —Page 18

COVER PHOTO BY BRADLEY HARTLEY/GETTY IMAGES



The NDP's drive in Quebec
New Democratic Party Leader Edward Broadbent has launched an aggressive drive for Quebec votes with an eclectic array of high-profile NDP candidates. —Page 19



All the world onstage
The 44th Maier World Stage Theatre Festival, based at Toronto's Harbourfront, offers a rare chance to see theatre performances from around the world. —Page 61



CONTENTS

Rate	26
Books	28
Business/Technology	31
Canada	16
Cover	18
Editorial	2
Forerunning	64
France	9
Law	50
Letters	4
Newsmag	49
Personals	4
People	17
Publishing	54
Religion	52
Theatre	61
World	24



Candidates at the gate
While his victory in the California primary assured him of the Democratic presidential nomination, Michael Dukakis warned supporters of hard "tests" ahead. —Page 24



The road to stardom
For Krista Alley, her summer break from TV's *Clarissa* is an opportunity to make movies. She now is in Vancouver making a comedy with John Travolta. —Page 17

Women in the House

Your article "Ma McFeen's big win" (Canada, May 30) made me realize that we, as a society, still need more women in the House of Commons, especially when it comes to the abortion issue. How can we let a majority of men—however well-informed they might be—decide on such an important feminist issue? The solution to the abortion problem, when it comes, won't be easy. However, I hope that it respects women's rights to control their own bodies. —ANDREA ROY, Montreal

Undoubtedly, Maureen McFeen's marriage to Joe Clark was a contributing factor to her nomination in the riding of Carleton Place. Her victory indicates the steady erosion of true conservative principles within the party. Her radical feminism manifests unequivocal difference to our policies, and it will be interesting to hear whether she will be able to articulate the differences between her stand and that of the NDP. —JOHN KELLAR, Regina

A price tag hard to ignore

It is by no means clear that Canadians are as supportive of the government's nuclear submarine plan as the polls credit in your article (Special "Rich of the Navy," Canada, May 30). The questions they asked failed to mention the cost of the sale. An Environics poll conducted for our centre, in which the government's own cost figure was included, showed that 58 per cent oppose the sale purchase, 35 per cent strongly



McFeen: Important feminist issue

Even 50 per cent of Conservatives expressed disapproval. Government and industry backers of the program may prefer not to think about the cost. Voters, though, may find the 35-billion-plus price tag harder to ignore.

—JOHN M. LAMON,
Executive Director,
Canadian Centre for Arms Control
and Disarmament,
Ottawa

Thorough coverage

Regarding George Bain's comments on coverage of the first Zandei trial (Kodas Watch, May 28) and his suggestion of pressure from Jewish groups regarding that coverage, *The Canadian Jewish News* reviewed so much pressure on the trial to be given the Zandei trial. The CNJ, Canada's largest weekly Jewish newspaper, attended the trial on a daily basis and covered it thoroughly and fairly to both the prosecution and defence sides. —MARCUS LUCAS,
Editor,
The Canadian Jewish News,
Don Mills, Ont.

A matter of delicacy

Regarding your announcement of Karen Kane's miscarriage in *Passages*, May 30 while I understand that this revelation is a natural consequence of the publicity surrounding Kane's pregnancy, I feel that your presentation of the facts was not very delicate. Surely such a heart-breaking personal event could have been reported with greater delicacy rather than blazoned under the caption "Miscarried." —KAREN LAMBERT,
Guelph, Ont.

Letters are edited and may be condensed. Writers should supply names, addresses and telephone number. Mail correspondence to: Letters to the Editor, Maclean's magazine, Montreal, Quebec H3G 2Y4, 777 Ave. St. Jacques, Montreal, P.Q. H3G 2Y4.

PASSAGES

DIED: Former Supreme Court of Canada Judge Roland Ritchie, 77, one of the longest-serving judges in the history of the Supreme Court, at home, in Ottawa, after a lengthy illness. The judge, who retired in 1986, was appointed to Canada's highest court in 1989 by former prime minister John Diefenbaker. He was best-known for writing the 1990 majority decision in the Drybones case, which gave the Canadian Bill of Rights precedence over the Indian Act. After studying at the University of King's College in his home town of Halifax and at Oxford University, Ritchie was admitted to the Nova Scotia bar at 24. He later acted as counsel to the royal commission examining Newfoundland's territorial status with Canada. Ritchie was the brother of diplomat Charles Ritchie, whose diaries have become best-sellers.

SETTLED: Without a cash award, the libel suit of former defence minister Robert Coates against *The Ottawa Citizen*, more than three years after publication of the story that led to Coates's resignation from the cabinet and to the suit. As part of the out-of-court settlement, the newspaper printed an editor's note stating that in reporting on a 1984 visit by Coates to a strip club in Lake, West Germany, "there was no intended suggestion that the matter necessarily constituted a breach of national security." Coates, 66, resigned on Feb. 12, 1985, just hours after the *Citizen* reported that Prime Minister Brian Mulroney's office had been told of the minister's visit to the club and that his activities "may have posed a security risk."

OVERSEEN: The 1986 conviction of former Alberta, Alta., high-school teacher Jim Keegstra, 54, for wilfully promoting hatred against Jews, by the Alberta Court of Appeal. The three-man court ruled that Keegstra was wrongly convicted because the rarely used law banning wilful promotion of hatred against any identifiable group violates freedom of speech guaranteed under the Charter of Rights and Freedoms. Without commenting on the facts of the case, the court said that the offending section is too broad and relies too heavily on prosecutive discretion. Keegstra, who now works as a mechanic in Okotoks, sought that a similar Zionist conspiracy case policies international events. The sensational, five-day jury trial in 1986, after which Keegstra was convicted and fined \$5,000, was one of the longest in Alberta history.

AWARDED: To British novelist William Golding, 76, author of *Lord of the Flies*, a long-overlooked, by Queen Elizabeth II. Sir William, as he may now be called, won the Nobel Prize for literature in 1983.



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CLOSE-UP: JIMMY CARTER

A redesigned president

Outside Ellery, Ga.—a rustic logging town 100 km north of Atlanta—the steep gravel driveway snaking down Walnut Mountain was unmarked. At the bottom, a log cabin nestled atop pine and cedar groves might belong to any outdoorsman long past his prime—except for one unlikely clue. At a shack on the footpath, secret service men stood guard with rifles. There, on the late-day sun dappled the

soil in Arkansas—while knocking back schnapps to ward off a chill—the book also paints Carter as a new, hewman light. That revised image coincides with a recent re-evaluation of his presidency as some of the glass has worn off the myth of Ronald Reagan. And eight years after his humiliating 1980 defeat, Carter cannot hide his delight at the rehabilitation of his own reputation. "For our country historically, after a few



Carter delighted at the rehabilitation of his reputation

While the Democratic party prepares for its presidential convention in Atlanta next month, Carter is far from the limo, promoting his life book. Called *An Outdoor Journal*, it contains not more than a half-dozen paragraphs on politics. Indeed, despite the fact that most of the Democratic presidential contenders have pledged to be home 200 km north in Plains, Ga., for photo opportunities and advice, Carter has spent the past year crisscrossing his own public image—from elder statesman to ardent fly-fisherman.

Written in plain, homely prose, the book is an affecting glimpse into the secret life of a president who used to go to the White House roof at night to watch the Canada geese flying south. And for the first time, Carter confesses that when the presidential campaign deposited him at his official retreat in Camp David, Md., for the weekend, he and his wife, Rosalynn, often left on a surreptitious second flight—in a trout stream in Pennsylvania. "Nobody knew it," he checked, leaning back in a wooden rocker, snatching a trout. "But I never have felt guilty at all—no matter how pressing my official duties were—if I spent a few hours, or even two or three days, fishing in times of testing. I've found benefit in being alone for a while."

Now 68, Carter remains freely about his boyhood in Plains, twirling pebbles and angling for catfish. But with its staccato of duck shooting as a

ging tracks rumbling through the forests of Lepid Island that he wrote these private minutes. "Rosalynn asked him to protect the area. And Carter is calling on 'an interested public' to keep up the fight to preserve the forests. "Otherwise the timber interests are going to prevail," the former president declared.

Carter lamented the loss of many East Coast forest and wildlife preserves to acid rain. Blaming the Reagan administration's inaction, "Reagan has opposed any effort to purify the water or the air or correct acid rain," Carter said. "I think he probably still thinks trees cause pollution." He also criticized Reagan's general performance on the environment—including his proposal to increase oil exploration in the millions of acres of Alaskan wilderness that Carter not only as national parks and wildlife refuges is one of his last and president acts of office in December, 1986. "It is an abominable proposal—but typical," Carter declared. "They have done everything they could to undo environmental laws that have been passed by both Democratic and Republican previous administrations."

Carter has tried to remain publicly neutral in this year's presidential contest. But he acknowledged that after his favorite candidate, Georgia Senator Sam Nunn, decided not to run, he was one of those who counseled his old friend, Gov. Michael Dukakis of Massachusetts, to seek the Democratic nomination. Carter said that in a future Dukakis administration, he would not want a full-time job. But he would jump at the chance to become a roving Middle East ambassador trying to reactivate the peace process that was a major focus of his administration. And he admits that he is "distressed" over Israel's recent repression of Palestinian voters in the West Bank and Gaza Strip. "What is happening is a tragedy for Israel," Carter said, "and for the Palestinians, who are now living their 30th year without basic freedoms and rights under military domination." He added, "This is severely damaging the basic character of Israel itself."

Even in his mountain solitude, the world and its politics are rarely far from Carter's mind. And he said that the next president may face greater challenges than he did—even a recession. "I do not have any doubt that the next president is going to be blamed for a lot of the problems that he will inherit from Reagan," Carter said. "And, anything to where the sun was shining on the hills, he seemed to be thinking of his own political career as he shrugged and added, "But then that is the nature of public service."

—MARC DONALDSON in Ellery



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managers for not being aggressive enough. As a result, Cronkite says that one of his roles is to bring some unpredictability to the games—to the obvious enjoyment of the fans. He sometimes sets a cheerleader, prompting spectators with his yells of "Baaaa! Baaaa!" from centre field. He has also become known for throwing a baseball fan into the air after hitting a home run—a gesture that the Japanese call a "guts pose".

Cronkite says that he sometimes intentionally stirs things up to create a little excitement. Wayne Graczyk, baseball columnist for Tokyo's English-language daily *The Japan Times*, recalled that during one game, Cronkite charged the pitcher—then quietly retired to the dugout with a smile on his face after both teams had cleared their benches for a shaving match. Graczyk said that Cronkite told him afterward that he had not acted out of anger—he did it because the game had become dull. These antics have clearly endeared baseball for Japanese fans. Hirano said that Japan does not necessarily need foreign players, but he acknowledged that spectators have come to expect them. Looking at the 36,000 seats of the Tokyo Dome, which opened in March as Japan's first covered stadium, Hirano said, "They put fans in those seats."

Graczyk added that it is sometimes difficult to predict which North American baseball players will be successful in Japan. "What happens outside the stadium is just as important as what happens inside of it," he said. "Some players just can't adapt to Japan." Cronkite says that being a foreign player can involve problems. "It is a mixed blessing," he said. "You get paid more, but when something goes wrong, you are the first one they blame."

Still, Cronkite appears to have adapted well. During the March to October season, he lives in a Tokyo apartment provided by the team, where his family joins him for the summer. He has learned to speak some Japanese and says that he has great admiration for his new home. The centre fielder has also embraced on a side career, playing drums for a little-known Tokyo rock band called Circle And, and the Queen of Japanese-born manager, Sadafusa Oh. "He has a lot of Japanese friends" Oh, 46, a Japanese baseball great who during his 20-year career hit a Japanese record 606 home runs, is clearly among those friends. Cronkite named his third child, a son who is now 3, Gōji Oh Cronkite. The younger Krays has said that he would again like to play in the U.S. major leagues. But, for now, he is clearly relishing his life—and popularity—in the land of the rising sun.

—FESTER KOPFLEIN with GREG ILLIARD in Tokyo



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A spring thaw in Libya

It has suddenly become a common sight all over Tripoli: shopkeepers perched on ladders, repainting their awnings in the country's traditional green and white colors. By day, the streets of the Libyan capital buzz with shoppers—young men in jeans and T-shirts, old women in flowing white robes.

At night, families take to the streets to enjoy the cool Mediterranean sea breezes. The change is dramatic. Only a few months ago privately owned shops were shut-down and confiscated, as they had been for years, and the streets were almost deserted, strewn with litter and dust. But now, almost 39 years after Gai Mawmaw, Gadhafi continues the Libyan monarchy in a bloodless coup, his revolution is just emerging from one of its darkest phases. And as a result of a recent series of major political and economic reforms, Gadhafi also seems to have raised his personal popularity to levels unseen for years.

Libya's recent problems can be attributed partly to the country's dependence on oil. When prices soared in the 1970s Libya boomed, but when world oil consumption dropped seven years ago the country's vital oil revenues slumped to a mere \$5.6 billion last year from \$26 billion in 1980. And the problems worsened the problems, ordering the closing of private shops in the early and mid-1980s and establishing state-run supermarkets that, largely because of bureaucratic ineptitude, remained empty. Internal dissent brewed, not only as a result of the shortages but also because of the regime's repression.

But Gadhafi's reforms in March ushered in a new era of openness and economic revitalization. Although many reforms remain wary of their government, they have greeted the changes with enthusiasm.

When Gadhafi closed the shops, he claimed that merchants were unproductive parasites who robbed the masses. As an alternative, the regime established a series of new "people's supermarkets." There were six major outlets and many smaller ones in



Reopened Tripoli shop guarded enthusiasm for Gadhafi's new reforms.

Tripoli, a city of 600,000 people, and their shelves were soon routinely bare of many staples. Faced with shortages, the majority of Libyans had no option but to resort to the black market, where goods were still available—but at greatly inflated prices. An internal dissent increased, many Libyans also began to express dissatisfaction with the aggressive behavior of Gadhafi's Revolutionary Committee. Established in the 1970s, the committee had a mandate to propagate the ideals of

Gadhafi's socialist revolution. But in practice, they acted as the regime's watchdogs, intimidating citizens and throwing hundreds into jail.

Gadhafi's reforms included major concessions to both human rights and private enterprise. As well as encouraging private shops to reopen, the regime released hundreds of political prisoners and guaranteed the freedom to travel abroad. At the same time, the government stripped the Revolutionary Committee of their powers of arrest and imprisonment. Declared Gadhafi at a rally "Libya is the land of freedom."

Those reforms quickly reduced tensions in the country. The Revolutionary Committee have been keeping a low profile, and the black market withered as shopkeepers relied up their shelves and reopened their stores. And the changes appear to be largely responsible for improving Gadhafi's personal standing. In recent years ordinary Libyans have tended to ignore the once-popular leader, and opponents had to bus to loyalists to provide cheers and chant slogans during his public appearances. Now, Gadhafi is again being mobbed by what one Western diplomat in Tripoli called "real people."

But among those real people, optimism is tinged with caution. For one thing, the international oil market has not recovered from the crash of 1980, and the Libyan economy remains fragile. And although the regime's easing of its repressive measures has, for the most part, made many Libyans more relaxed, they are still reluctant

to speak on the record to foreign journalists. In the past the regime has imprisoned—and even murdered—dissenters. Said one office worker in Tripoli: "We think the change is very good. But it is too early to say whether they will really take hold." For many Libyans, the awareness of their leader's unpredictability has clearly cast some uncertainty over the recent, and welcome, reforms.

—SLAN GEORGE in Tripoli



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COLUMN

Lynden Pindling's day in court

By Diane Francis

A constitutional American libel case that has made its way into Canadian courts provides another reason why libel laws in this country must change. Back in September, 1983, NBC aired a series of reports. In those reports, the network quoted a source as saying that Bahamian Prime Minister Sir Lynden Pindling was allegedly on the take from drug dealers. That sparked a furor both in the United States and the Bahamas, and Pindling reacted by spending a rapid commission to look at drug trafficking and money laundering in his island nation.

The commission published its report in 1984 and completely exonerated Pindling of drug connections. However, it did comment on his source of funds. "It is apparent that the Prime Minister's expenditures over the years from 1977 has far exceeded his income," said the report. "However, none of the known sources of funds made available to him appear to have been drug related. As to the unidentified deposits, the sources of which are still unknown, all that can be said is that there is no evidence before the Commission upon which we can form a conclusion as to whether or not these unidentified funds were drug related."

In 1985, Pindling was re-elected handsily. But, in 1984, he had also sued NBC for libel in Bahamian courts. NBC refused to show up for that lawsuit, and Pindling won an undefended judgment against the network, although the court did not award any damages. Then, Pindling, who clearly received some excellent legal advice, brought his case to Toronto in May, 1984, claiming \$4 million in damages and becoming the first foreign plaintiff to take advantage of Canada's oppressive libel laws to successfully haul the U.S. media before the courts.

The case is now in examination for discovery, with the two sides exchanging documents and proceeding with oral examinations of witnesses. But Pindling clearly chose Ontario courts for two reasons. The province's libel and slander Act—and indeed the libel laws in all provinces—puts journalist-defendants at a distinct disadvantage over plaintiffs. And, secondly, because NBC's archive bombed Canadian daily, Pindling could sue NBC in Canada because the alleged libel was also committed in this country. At the same time, Pindling also sued 17 Canadian cable companies

that carry the NBC signal—although many of these suits have since been dropped.

In Canada, there are three primary defenses for publishing a libel: that the statements were true, that they were committed in a "privileged" situation such as in Parliament or during court testimony, or that the statements were "fair comment" at the time. The latter means that the statement, however extreme, was based on fact and published in the public interest. As I have written before, Canadian libel laws impose an onerous reverse onus on journalists. It goes without saying that libel is actionable and is journalism's equivalent of malpractice. But, unlike cases of medical malpractice, the onus is on the accused journalist and his publication or station to disprove the allegations against him. When a doctor is sued for malpractice,

The Bahamian prime minister could sue NBC in Canada because the alleged libel was also committed in this country

the plaintiff must prove incompetence or negligence.

It is not a wonder that Pindling chose to sue in Canada. In the United States, there is no reverse onus. Libel plaintiffs must not only prove that a libel or damaging misstatement was committed, but that, in the case of a public figure, it was published maliciously. As well, there has also been some protestation for confidential sources south of the border, depending on the case, and that protection makes it difficult for plaintiffs to prove that the source or reporter was malicious, sloppy or both. In Canada, it is not necessary to prove malice in a libel case—and it is more difficult to protect confidential sources.

During the court proceedings, NBC's lawyers may argue that the courts must protect a confidential source who provided the Pindling story to the network. At the same time, they are clearly awaiting the outcome of a case involving *The Edmonton Journal* versus the Alberta Labor Relations Board. In 1980, the *Journal* published a story about attempts to assassinate Hudson's Bay stores in Edmonton and nearby St. Albert. Six years later, the case was dismissed over the article, appeared, and the United

Food and Commercial Workers' Union, claiming that the documents were related to the story, demanded that the newspaper reveal its sources. The *Journal* refused, and, after some courts ruled in the union's favor, the case will be heard by the Supreme Court of Canada. The *Journal* argues that freedom of the press is only worthwhile if the press has secrets at its disposal—which is meaningful only if sources are extended protection.

Naturally enough, NBC was upset at being sued in Canada, not only because it feels that it should be tried under U.S. libel laws, but also because the identity of its fellow defendants—Canada's cable companies—has added insult to injury. Ironically, NBC has sued Canadian cable companies over the years for copyright infringement because the U.S. courts have long decried the Ontario judge who compares cable practice among Canadian cable companies of capturing and rebroadcasting U.S. programs without paying any royalties.

A side issue in all of this is the fact that the NBC-Pindling tangle virtually undermines the hard-fought freedom that the U.S. media have won. In fact, the network's Canadian lawyers filed a motion in November, 1984, to have the libel case dropped on the grounds that the case should not be heard in Ontario. But the Ontario judge who presided over the hearing dismissed the motion. He reasoned that no matter how the airwaves were beamed into Canadian living rooms, the alleged libel had also been committed in Canada, and that Canadian libel laws applied. And, he said, by not appearing for the Bahamian lawsuit, NBC had effectively forced Pindling to sue elsewhere.

Given how many U.S. broadcasts and publications are available here, I have no doubt that others will take advantage of the situation. Canadian libel experts are already being consulted by the U.S. media about exposure stories. This is a gigantic loophole through which anyone can pass, thus cluttering up our crowded court system with foreign grievances. Canadian lawmakers must realize that a free and undefended press does not mean worthless reporting but a more vigilant society. Reverse onus and the absence of protection for sources mangle the media. To remove them does not open a Pandora's box of abuse but merely allows the press to play its necessary role in a democracy.



The NDP's drive in Quebec

In a successful 35-year wrestling career, he was known as The Butcher. Now Paul Vachon, world tag-team professional wrestling champion, is turning his robust energies to politics. At 50, Vachon is planning to take a

high last August, when it led the Liberals and Conservatives nationally in a controversial Angus Reid Association poll and scored a comfortable second behind the Liberals in other surveys. And despite spending nearly \$1 million dur-

Montreal ridings where economic depression is widespread. Many Liberals and Conservatives remain skeptical, saying that Vachon's candour, for one, is an indication that the party has failed to recruit serious contenders.



Broadbent (left), at Jacques, Que., today, August 7 (bottom) at a similar anti-alcohol vigil.

ing the past two years on advertising and campaign organization in the province, the NDP has been riding in Quebec's public opinion polls. The party was at a peak after its successful March, 1987, national convention in Montreal, with the support of 41 per cent of the province's decided voters. But according to a Gallup poll last week, the NDP is now supported by 36 per cent of decided voters, while the Liberals lead with 50 per cent, and the Tories are tied with 12 per cent. Nationally, the poll standings were: Liberals, 35 per cent; NDP, 35 per cent; and Conservatives, 31 per cent.

Still, NDP strategists say that they remain optimistic that the party is poised for a political breakthrough in Quebec. According to Agnès, the NDP has its best chance of winning seats in 50 East

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But, provided, some opponents concede that the NDP—which has already nominated 35 candidates in Quebec—has attracted vital political talent. Montreal-based columnist Jeffrey Peltz

Lessons-aid guide to our bying, is running in Chénier and the NDP candidate in Montserrat-Orléans is Eric Gaudreau, a Quebec government civil servant who was a highly regarded reformer with a reputation for left-wing liberalism during the province's Quiet Revolution and, later, a close adviser to Premier René Lévesque. Alternatively, the NDP's advocacy of a strong central government has alienated nationalist Quebecers. However, in the 1986 federal election, support for nationalist Robert Chabot, a popular lawyer, provided the Liberals with increasing atten-



Maclean's

cise Eric KIRKMAN, who won the Denvers riding by a narrow margin. That incident was blamed for putting the vote back years. Now, the NDP is actively courting Quebec nationalists again. It supports the Meech Lake constitutional accord, which gives more power to the provinces and recognizes a distinct society in Quebec. That measure has brought some Quebecers who supported the Quebec independence movement, such as Gaudreau, into the party. Still, some independence supporters say that they do not trust Broadbent. Said Claude Morin, a former Parti Québécois cabinet minister: "I do not understand how independence and one man under Broadbent, who was Trudeau's ally in the unilateral registration of the constitution in 1982. The NDP will become two different parties."

Indeed, the NDP has attracted candidates from a variety of sources. In the Montreal riding of Laurier-Sau-Martin, its candidate will be self-proclaimed socialist banker François Beaulieu, a former vice-president of the National Bank of Canada. As well, the party has tapped the grassroots network of the Montreal Citizens' Movement—Mayor Jean Duce's municipal party. Citizens' Movement activist Maria Peluso will run in the Montreal riding of Notre-Dame-de-Grâce against longtime Liberal incumbent Warren Allmand.

Peluso was first elected as a candidate by the federal Liberals but she says that she rejected their overtures because they did not offer her a reasonable riding. When she turned to the NDP, Peluso initially planned to run in the Montreal riding of Lacombe, where she established the NDP riding association. But after Liberal heavyweight Paul Martin Jr. announced his intention to run in Lacombe, Peluso withdrew to Notre-Dame-de-Grâce because, she said, supporters of the NDP had given her a better chance.

Meanwhile, party officials acknowledge that any electoral success in Quebec will be a breakthrough. Said Agnès: "Happily starts with winning one seat." But NDP strategists also know that they must make significant inroads in Quebec if they are ever going to form a government. Said George Nickerson, Broadbent's chief of staff and one of his most trusted advisers on Quebec issues: "We know that this kind of opportunity comes along once in a lifetime. When the election is called, Broadbent will be campaigning in Quebec as often as he is in Ontario." The challenge for The Butcher Vachon and the NDP's other Quebec candidates will be to earn the kind of respect that will translate their leader's efforts into seats in the House.

—BRUCE WALLACE in Ottawa with LISA VAN DUSEN in Montreal



Broadbent an 'entirely in modesty' and a list of the government's popularity

In the streets of Alma

The unlikely step of neon signs along avenue Du Parc in Alma, Que., is a far cry from the spacious elegance of the Château Rymont in Paris. But the owner of former Canadian diplomat Lucien Boachard has become tied to the garishness of Alma's commercial strip. Boachard was Canada's ambassador to France until Prime Minister Brian Mulroney, a former university classmate, appointed him secretary of state on March 20. Now he is the Conservative candidate in the June 30 federal by-election in the riding of Leic-

ter-St-Jean where Alma is the main community. Client Orlé, who resigned to allow Broadbent to run, was Luc St-Jean for the Tories in the 1984 election with 62 per cent of the total vote, and strategists initially regarded it as a safe seat for their star candidate. But after Mulroney called the by-election on April 27, they came to realize privately that the contest could be tougher than they had expected.

Boachard, conspicuous in rural Quebec in what is widely expected to be the last major test of the Mulroney government's popularity before the next federal election, told *Maclean's* that the transition from the diplomat's life has not been easy. Said Boachard: "In Paris, it was 'Would his candour life some soap'. 'Would his candour life some soap'. Here, it's 'Oh, you seem like a nice guy, but what are you going to do about unemployment?' It has been a very useful exercise in modesty." A former adviser to Mulroney and former Quebec premier René Lévesque,

Boachard, 40, is involved in his first attempt to win public office. It has gotten him against popular former Liberal MP Pierre Gauthier, a local lawyer, and New Democratic Party candidate Jean Pothier, a computer science teacher who appears to be a distant third in the race.

In spite of his credentials, Boachard has encountered skepticism. To many Leic-St-Jean voters, he is a respected but remote figure. Said schoolteacher Marcel Pothier: "He is a guy who has always done well for himself—big lawyer, famous ambassador. But now he wants to be an MP. Well, what of something more glamorous comes along?" And some people, such as former mayor Robert Bédard, say that many candidates will not vote for people they do not know. Said Bédard: "People have a very good."

Boachard remains voters that he was born just seven kilometers from Alma, but he is clearly uncomfortable with some customs of a local candidate. He seems embarrassed to solicit votes from strangers and will not knock on a door unless the occupant has been forwarded by telephone that he is coming. Still, his campaign gets high-level help last week when Mulroney turned up to campaign for his friend. And Boachard's performance in two locally televised candidates' debates encouraged Tory strategists, who predicted that he would win, even if it is by a slim margin. If Boachard pulls it off, avenue Du Parc will look a little more like home in the former resident of Paris.

—LISA VAN DUSEN in Alma

A national park on hold

With the worldwide environmentalist movement watching, the federal government planned to throw a party. It was to be a big public bash with balloons, refreshments and an opening ceremony at Canada Place in Vancouver's waterfront. The occasion, the formal signing of an agreement between the federal and B.C. governments that would create a national park in South Moresby, the archipelago of islands at the southern tip of the Queen Charlotte Islands. But on May 28, 24 hours before the festivities were scheduled to begin, the Canadian Parks Service cancelled the event because of a last-minute snag between Ottawa and Victoria. The national park—and a demonstration of how two levels of government can resolve major environmental issues—would have to wait. Said Bruce Buchanan, B.C. environment minister: "We both realize that once we go along liberally to a park, it is going to be for a long time. So we had better get it right."

The rain-stalling block appeared to be how the federal and provincial governments would deal with the sort of compensating arrangement that would give logging rights where the two governments reach agreement on the complicated, 106-page document that grew out of last July's signed "memorandum of understanding" that designated South Moresby as a national park. As part of last July's agreement, the provincial government proposed to transfer provincially owned Crown land for the park to Ottawa in return for \$186 million in compensation and development costs. Patrick Thomson, the federal government's co-ordinator of park projects for British Columbia, said that it is Ottawa's biggest-ever expenditure on a single park.

The deal followed a highly publicized, 13-year struggle by coalition of local environmentalists and Haida Indians. Their goal is to preserve the plant and animal life—including some species found nowhere else—by stopping the major Soviet companies from logging on Lyell Island, the largest island in South Moresby. That campaign came to a head in the fall of 1986, when 72 Indians were arrested in Haida-led protests that bloodied logging roads.

Included in the federal-provincial agreement is a \$50-million package compensating individuals and companies engaged in logging, including private Western Forest Products Ltd. and MacMillan Bloedel Ltd., for lost



Haida demonstrators in 1985 against Lyell Island logging. Last-minute disagreement over money

revenue. The federal government was to contribute \$28 million, and the B.C. government, \$8 million. Under the B.C. Forest Act, which the July agreement adopted, logging companies discharging the compensation offered for cancelled licenses can apply to an arbitrator. Western, which owns tree-cutting rights on 216 square miles of the 360-square-mile park, declared

that the proposed compensation package was inadequate. Indeed, company officials said that their claim alone could exceed \$100 million. Said Buchanan, secretary and general counsel: "We do not think anyone in government really ever thought that \$31 million would be enough to cover this." Said B.C. Premier William Vander Zalm of the remaining road-

block: "It all relates to compensation. I suppose any there is a bit of jockeying for position. It is all part of the game."

While the two governments attempted to settle their dispute last week, Miles Richardson, president of the council of the 8,000-member Haida nation, followed developments from his home in Skidegate on the Queen Charlotte Islands. The Haida, who regard South Moresby as their ancestral homeland, are not negotiators to the agreement and say that land is a commodity that cannot be bought and sold. Richardson, happy at the prospect of no more logging on South Moresby, said that he saw words to ensure that the Haida's right to hunt, trap, fish and gather food is not affected. Said Richardson: "We need to work out the details of how we plan to ensure. Our people will not have a public park closed down their shores."

An agreement to save South Moresby's plant and animal life from logging has been the dream of environmentalists and the Haida since 1974. But now that dream will have to wait until the two governments solve their differences.

—JANE O'BRIEN in Vancouver



Hark, the herald signs

In medieval times, Europe's warrior knights wore heraldic crests of arms as a means of identifying who was under all that heavy armor. Since then, the art of heraldry has shifted away from the utilitarian to its present-day function: allowing corporations, municipalities—even yoga-pies—to join the search for designer roots. Until now, Canadians who wanted a coat of arms had to pay between \$800 and \$5,000 and send away to study heraldic offices in Britain for what would arrive and up to a few dollars. But that changed last week when Prince Edward, George Elmhirst's youngest son, handed Geo. Gen. Jeanne Stuart the letters patent that empowered her to create a Canadian Heraldic Authority. Stuart is turn appointed Vancouver Islander Robert Watt Canada's first chief herald. Said Watt: "Why should Canadians have to go overseas to do this?"

Watt, 42, director of the Vancouver Museum and past president of the Heraldry Society of Canada, has studied the ancient heraldic tradition. On Aug. 1, he will officially take charge of a five-person office in Ottawa, the Commonwealth's first heraldic authority outside either London or Edinburgh.

According to Watt, about 35 Canadian corporations, municipalities and families apply each year for a coat of arms. He says that Canadian control over heraldry will create more interest. Said the chief herald: "We in Canada have a unique opportunity to take a fresh look at the art form and possibly develop something wholly new." That opportunity has been a long time coming. Since 1975, the Heraldry Society of Canada has been advocating such a move. The initiative was given a major boost last year when cabinet minister David Crombie took an interest in the subject and headed a National Forum on Heraldry in 1985. That led to the Canadian government's petitioning the Queen to transfer her heraldic authority to Canada.

For most people, personal crests served the real-world equivalent of peak furnishings, an artistic expression. For others, however, they are a touchstone of tradition which, like the Canadian Constitution, has finally been protected.

—JANE O'BRIEN in Vancouver with BRYAN WILSON in Ottawa



Killarney: complaints of overcautious Mounties, a shaggy and jolly tickets

To soothe and protect

For those carefully break the peace of Killarney, Man. Serious crime is rare among the 2,335 people who live in the shadow of giant elevators overlooking Killarney Lake, 280 km southwest of Winnipeg. That leaves the town's no-man-land RCMP detachment with little to do except hand out traffic tickets and the occasional summons for a liquor offence. But recently some law-enforcement have begun to complain that the Mounties are under-equipped and in carrying out their duties.

Among those with a grudge against the police is plumber Bruce Denton, whose shop is across from the Killarney Arms. One night last March, he left the store after his customary midnight visit to refill his wood stove and found himself staring down the barrel of a shotgun. Two parading Mounties had apparently suspected a burglary. (Mr. Denton, whose car had been parked outside, was badly shaken. "They will do anything to provoke you," he said last week. The Killarney Chamber of Commerce voiced a similar sentiment two weeks ago when it asked the town to investigate the issue for venting what it described as "jolly" parking stations. It claimed that footlocking was discouraging shoppers and driving away customers.

The bad feelings between many Killarney residents and their police have been growing for months. In May, 1987, two officers appeared at a local Kiwanis Club banquet—being held, ironically, to honor the detachment's retiring commanding officer, Staff Sgt

Leonard Rocco—and demanded to see a liquor permit. According to witnesses, guest-of-honor Rocco responded by saying that discipline among his men was "out of hand." Then last fall, several parents who dropped their children off at the local elementary school received \$68 fines for stepping too close to a crosswalk. Last month, a Mountie again offended sensibilities when he ordered funeral director Garth Nyholm's driver to move a double-parked car reserved for the clergy. Then, when the Chamber of Commerce criticized the fines, three of the officers said that they would not shop at local stores. Protested furniture-store owner Jack Garfield: "I am not going to be threatened."

But the RCMP, who regularly assign three men to police the town under a \$150,000-a-year contract, denies most of the complaints. "There is a lot of rumor," said the town's commanding officer in Marquette, Winnipeg-based B Division Assistant Commissioner Dale Henry. "There is really nothing significant."

Still, some of the town's critics in Killarney remain unsatisfied. Warned Garfield: "Temperers are stretched. If this is not dealt with, somebody is going to get hurt." If Killarney's Mounties are looking for a slogan, they might want to consider a variation on the widely used: "To serve and protect"—in their case, "To soothe and protect."

—CHRIS WOOD with DELO SMITH in Killarney

Candidates at the gate



In the opulent ballroom of Los Angeles's Biltmore Hotel, a sense of solemnity prevailed. Barack and Michelle Obama, a banner proclaimed it "An American celebration." But the party balloons refused to budge out of their overhead setting. And when a victory had seemed inevitable was announced, the enthusiasm of the crowd was decidedly restrained. In fact, even before the polls had closed in last week's California primary—the final contest in a grueling four-month process that had begun in the snow-covered cornfields of Iowa—Massachusetts Gov. Michael Dukakis had already won the 2,081 delegates he needed to wrap up the Democratic presidential nomination.

But at the very moment that Dukakis was confirming his supporters to think about the "bats" they would have to face before the Nov. 8 election, his defeated rival, Jesse Jackson, was grinding over his own celebration in a hotel ballroom blocks away. Although he lost all four of last week's primaries—finishing with 1,385 delegates, compared to Dukakis's 5,288—Jackson refused to concede the nomination and vowed action that he intended to increase the difficulty of the governor's first and most delicate test: uniting the racially divided party at next month's nominating convention in Atlanta. Said Norriss Orin of Washington's conservative American Enterprise Institute: "New Dukakis has to safely navigate through the convention. And how he does it will be seen as a metaphor for his ability to pull his party together."

Vowing to continue campaigning and to actively court the remaining 664 Democratic superdelegates—mainly elected officials—who will vote at the convention, Jackson made it clear that he would challenge the rules for delegate selection. And he also increased the pressure on Dukakis to offer him the vice-presidential slot on the Democratic ticket. Still refusing to say whether he would accept the job,

But Dukakis faced other challenges that were equally daunting. As the governor flew to Boston to court his wife, Kitty, home from the hospital—six days after the removal of two herniated discs from her neck—his Republican rival, Vice President George Bush, gave him a foretaste of what was expected to be a bitter fall campaign. Speaking in Houston, Bush attempted to shrink Dukakis's 15-point lead in the polls by launching a soaring attack on the governor as a free-spending liberal. While Bush rode openly called Dukakis a "snop"—the very term critics have applied to Bush—the vice-president told his enthusiastic Texas audience that Dukakis would raise taxes and release murderers from jail. Dukakis, he added, had acquired his "favored" foreign policy views in "Harvard yard's bayside," as he called the bastion of the eastern liberal establishment.



Dukakis and wife, Kitty, leaving Boston hospital; losing new tests

The bitter attack signalled an early start to the general election campaign, which traditionally does not begin until after Labor Day. But claiming that "it's a whole new ball game—spring training is over," Bush argued, "There's no reason to wait for the World Series [the start of baseball season]. There's money here." Still, many Republicans suspected that his assault could backfire—as it has on other candidates who resorted to negative campaigning in the primaries. Agreed Dukakis's environmental director, Leslie Daak: "Americans aren't interested in mudslinging and tearing down. They want to hear about George Bush's vision for the future and his record. How long will they have to wait for that?"

Indeed, the major criticism dogging the vice-president is that he has failed to define his own identity. And when he'd attempt to step out of the shadow of Ronald Reagan in week in California, even some members of his own party labelled the move opportunistic. After earlier expressing support for offshore oil drilling, with environmental safeguards, the former Texas oilman appeared to change his mind on a two-day visit to California where he faced a powerful environmental movement. But Bush begged even that attempt to chart a new course. One day he vowed to protect "the natural treasure of the California coastline." The next, he talked of proceeding with "environmentally sound, ethically reasonable offshore drilling," adding, "I am not one who wants to shut down that part of our important energy base all."

Then, on a live television interview with ABC's Ted Koppel, Bush appeared to undercut his aggressive attempts to distance himself from administration scandals when he had to apologize for referring to the interviewer as "that" an apparent reference to CBS news anchor Dan Rather, with whom he clashed in a Jan. 25 interview.

Even Bush's efforts to paint Dukakis as a liberal still fell—helped along by the right-wing columnist George Will. Questioning Dukakis before a convention of ABC executives in Los Angeles, Will charged that Dukakis was a conservative at heart. And Dukakis—who has clearly been happy to distance himself from special-interest groups

announced with the Democrats left wing—seemed to welcome the label. Said Dukakis: "I was always taught a conservative paid his bills. You don't run up red ink. The map in the White House aren't conservative."

With that curious exchange, Dukakis seemed to be spending in many respects Democrats who have defected to vote for Reagan—and who could be tempted by a Republican moderate



Jackson in California: 'I have earned consideration'

such as Bush. But it also underlined his dilemma now as he attempts to appease the Democratic left, which has found a passionate new voice in Jackson. Indeed, among those listening to Dukakis's declaration was Californian actress Margot Kidder, who has spent the past three months campaigning for Jackson. Kidder pointed

out that labels were a restraint of perspective. "People keep calling me a flaming radical," she said. "But we're trying to get integrated into the platform things that my father in Canada, who considers himself an arch-conservative, regards as very normal." Kidder said that unless Dukakis adopted some of those reforms, thousands of Jackson's supporters—including many blacks—could also register their protest by not voting. Dukakis himself attempted to mollify Jackson's constituency with a surprise on-air endorsement to his father's hotel suite the night before the California vote, arriving by a back door and a freight elevator. But while seeking Jackson's support in the general election campaign, Dukakis is also negotiating to ensure that he had no obligation to make Jackson his running mate.

As the convention approaches, Dukakis clearly cannot risk alienating those disparate groups—all essential to a Democratic victory—who will be looking to Jackson for their signals in the coming month. Said Kidder: "It's not just Jesse Jackson. There are seven million people who voted for him. You have to understand the power and the passion of our campaign." In fact, unless Dukakis can harness both that power and that passion, his victory last week could prove short-lived indeed.

—MARK MCGRAW in Los Angeles

EL SALVADOR

Duarte's final battle

Has survived assassination attempts by both the political right, which calls him a Communist, and the left, which calls him a U.S. puppet. But last week, El Salvador's controversial leader, Roberto Duarte, bowed his head. He had been told he had a mortal sentence of death. During a three-hour operation to remove a malignant tumor and most of his stomach, surgeons at Washington's Walter Reed Army Medical Centre said that despite his cancer, he had agreed to Duarte's term. A hospital spokesman said that the aging president would likely undergo chemotherapy. But medical experts were pessimistic. Said Dr. Las Carr, an oncologist at the Thomas Bayar Hospital Cancer Centre: "A good, effective chemotherapy is not

available for gastrointestinal cancers." And Duarte's personal physician, Dr. Benjamin Interiano, said that it was "impossible to predict" how long Duarte will live. "I would put it at a matter of months."

As El Salvador's first elected civilian president in more than 50 years, Duarte has struggled to bring peace to his troubled country. Since assuming office in 1984 in the midst of a civil war, the 62-year-old Christian Democrat has tried to curb the violence of right-wing death squads and to bring Marxist guerrillas to the negotiating table. But warlike and chronic poverty have continued unchecked in the small Central American country. And last March, voters

registered their dissatisfaction by overwhelmingly rejecting Duarte's party in legislative elections, creating control of the national assembly to the far-right Republican National Alliance.

Duarte has one year left to serve of his five-year term of office if his illness does not cut that short. While he is in medical care at the National Hospital, Roberto Duarte's Government is in charge. But already, signs are set on next year's presidential election, with two rivals vying to succeed Duarte as the Christian Democratic candidate. "We see the Christian Democrats as good for the National Alliance and a Western European diplomat of Duarte," But for all the good he may or may not have done, a lot of people don't like him. People are forgetting Duarte already.

—ANDREW BLAKE with correspondent reports

Three days of defiance

The morning rush hour in Johannesburg is normally a time of pent-up frustration as thousands of workers pour into the city from the neighboring black township of Soweto. But for three days last week, the city's downtown streets were eerily quiet. Sidewalks were almost deserted, shops were empty, and buses did their rounds half full. Responding to a call by South Africa's two biggest trade union federations, Sowetans joined a nationwide strike by two million blacks to protest restrictions on labor activity and a government crackdown on anti-apartheid groups. And, although most workers in the vital mining industry declined to join in, supporters claimed the walkout showed that government repression had failed to tame opponents of apartheid.

"The stay-away is an indication of the determination of the people," said Rev. Frank Chikane, general secretary of the South African Council of Churches. "The restrictions have not suppressed the spirit of resistance."

Indeed, the success of the strike was an important boost for the church groups that oppose apartheid. Since the government cracked down on similar op-

position groups in February, church leaders have attempted to step into the breach. On May 30, the 28-member South African Council of Churches and more than 30 other religious organizations met in Johannesburg and launched a new campaign of nonviolent opposi-

Responding to a call by two of the country's biggest union federations, an estimated two million blacks stayed off the job

tion to government policies that deny the vote to the country's 35 million blacks while granting political and economic control to the six million whites. Support for last week's three-day strike was the first concrete expression of that stand. For their part, union leaders said that they were satisfied by the widespread support for the protest.

Last week's strike was most effective in the Johannesburg region—where an estimated 80 per cent to 90 per cent of

black workers took part—and in the eastern part of the city of Durban. An estimated two million people, representing 50 per cent to 60 per cent of all black workers, stayed home. Automobile plants, supermarkets, clinics and hotels were all seriously affected. Employers estimated that the walkout cost the economy the equivalent of \$356 million in lost production. At least 50 people also were killed in associated violence.

The government's response to the protest was purposely subdued. Security forces kept a low profile, and government ministers made few statements. But two days after the end of the walkout, President Pieter Botha extended the two-year nationwide state of emergency, which allows broad powers of detention, restricts freedom of speech and limits public demonstrations. And some observers said that even harsher measures might be on the way. Declared one Western diplomat, "I wouldn't be surprised if there is another crackdown on the unions—and maybe also on the churches." Still, as workers returned back to work on June 6, protest leaders were mounting the strike as proof that they could mount an effective challenge to the government's authoritarian powers.

—MARKUS GEE with *correspondent's* reports

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PEOPLE

Succeeding macho artist **Clist Eastwood** as mayor of Carrol, Calif., has made **Jane Gazzo** an instant celebrity. Gazzo, 32, who won the mayor's chair this spring after Eastwood, 38, decided not to seek re-election, has had her picture on the cover of the *National Enquirer*. It claimed that she and Eastwood were linked romantically. "It was amazing," said Gazzo, who denies the claim. Although divorced from her Canadian-born husband in 1979, Gazzo says that she maintains ties with former in-laws in London, Ont., and her own family in Vancouver. As for her relationship with the divorced Eastwood, Gazzo said, "We're good friends."

His first book, *Tenacious: An Autobiography*, told the rags-to-riches story of the son of Italian immigrants who climbed to the top of the U.S. automobile industry. But in his just-published second book, *Taking Straps*, Chrysler chairman **Lee Iacocca**, 55, focuses less on his own achievements and more on the problems faced by America, which he claims has begun to slide into mediocrity under President **Ronald Reagan**. While Iacocca writes that he thinks highly of Reagan's personal qualities, he questions the President's intellectual abilities. Writes Iacocca: "Most people might feel a little better if the guy in the White House used the reading lamp at least once in a while."

For Canadians, it is taking on the name of a royal wedding. National interest in the July 16 nuptials of hockey



After attracting screen attention as a pregnant singer

star **the Edmonton Oilers** star, who last week lost his eight-year hold on the NHL's most valuable player **Hart Trophy** to the Pittsburgh Penguins' **Mario Lemelin**, has received more than 30 endorsement and sports celebrities to help him raise \$150,000 for charity. But the Clench's long time slot is sure to be his pop for **Barbie**, Jones.



Gretzky, Jones, star attraction of a prewedding match

superstar **Wayne Gretzky**, 21, and American actress **Janet Jones**, 25, is running at such a high pitch that it has spilled over into another arena: about 10,000 fans—5,000 more than last year—are expected on June 18 in Gretzky's native **Brantford, Ont.**, for the eighth annual **Wayne Gretzky Celebrity Tennis Clas-**

Although she is not a household name, American actress **Kristie Alley** has curiously made it to the front door *Shen* last fall. Alley has been attracting attention playing the apparently middle bar manager on TV's *Cheers*, and she starred in the recent movie *Shogun* to *Kill with Sidney Poitier*. And now, on her summer break from *Cheers*, Alley is in Vancouver starring as a pregnant single woman in the movie comedy *Daddy's House*, alongside **Jane Fonda** and **revenge Oscar-nominee Olympia Dukakis**. Still, Alley, 32, says, "Irene doesn't react a

thing because next week someone else comes along who's more famous."

An uncanny physical resemblance to **Albert Einstein** made **Wang** famous actor **Peter Onorati** the perfect cutting choice for *Newton Tonight*, an hour-long TV special. Playing Einstein is

nothing new for **Einstein**, 59, who won critical acclaim across Canada two years ago with 250 performances of *Einstein*, a one-man stage show. In the whimsical *Einstein Tonight*, he plays the Nobel Prize-winning physicist on a visit to present-day **Winnipeg**, where he appears on a TV talk show. The special, which premieres in **Winnipeg** on June 25, is scheduled for broadcast on CBC in **Montreal** and on the public network tomorrow this fall or next year. **Rud Barak** "It's great to portray a genius when you're not a genius."

It is shaping up as an East-West battle of the rock stars in the divided city of Berlin. On June 15, American superstar **Michael Jackson**, 30, is to appear in **West Berlin**, while **Canadian Bryan Adams**, 35, performs on the other side of the Wall in **East Berlin** at a concert head-

ed by **Katrina Witt**, 22, the East German figure skater who retired after her **Colony Olympic** gold medal and world championship victory this spring. The East Berlin concert is part of an international antinuclear conference. But its timing may also be a shrewd move on the part of East Germany's Communist rulers, intent on preventing a repeat of last year's club between rock fans and police, who did not allow them to cross the border to attend a **David Bowie** concert in **West Berlin**.

—YVONNE COLE with correspondents' reports



With a rock battle in a divided city



THE LAKESE SUMMIT

COVER/TORO SUMMIT '88

The setting for three days of summit talks by the leaders of the world's seven major industrial democracies is a residential underground room with an octagonal conference table in Toronto. Along one wall are booths for interpreters providing simultaneous translations in five languages, while center seats, located at equidistant electronically linked to teams of advisors, stand ready to deal with unexpected questions. The entire setting on the heavily guarded lower level of the modern Metropolitan Toronto Convention Centre contrasts starkly with the more classical background chosen for the summit: the grand—Viceroy's Palace Grand last year and the French Chateau de Chambourcy for the first meeting in 1975. Still, the purpose of the Toronto summit is the same: to foster balanced economic growth among the leading nations of the non-Communist world. While the leaders can congratulate themselves on the economic surge that followed last October's stock market crash, they faced the spectre of renewed inflation—and a number of divisive issues that have strained relations among them.

Business: Beyond the banker-like meeting room—the basement ballroom was chosen not only for security reasons but because the convention center's largest meeting rooms are there—the summit is being openly exploited for political and noncommercial purposes. While municipal officials seized on the opportunity to show off Toronto to the world, the summit gave Prime Minister Brian Mulroney, with an election in the offing, a chance to take a starring role on the world stage. The second economic summit on Canadian soil makes Mulroney the chairman for a meeting that involves a cast of strikingly different

personnel: British Prime Minister Margaret Thatcher, President Ronald Reagan of the United States, President François Mitterrand of France, West German Chancellor Helmut Kohl, Japanese Prime Minister Noboru Takeshita and Italian Prime Minister Ciriaco De Mita.

Woe: The issues they face include persistent trade imbalances that have darkened relations between some of the allies and rapidly growing agricultural subsidies, which have triggered a price war between North America and Europe. Any attempt to bring about a quick reduction in farm subsidies faced resistance by most of the European leaders and by Jacques Delors, the French president of the 12-nation European Community commission who attends the talks on behalf of member states. Also attending the summit are the Group of Seven (G7) ministers of finance and foreign affairs who also meet separately, with Finance Minister Michael Wilson and External Affairs Minister Joe Clark acting as chairmen.

Despite the massive influence of the U.S. economy in the world, Reagan, with only seven months remaining as its president, attended his first summit at Montebello, Que., in 1981—he was expected to assume a less commanding role than at past summits. As a result, outsiders

forever little substantive discussion on the pressing issue of the U.S. \$183.6-billion budget deficit, which has helped to make the United States the world's largest debtor nation—and the summit nations its major creditors. With Reagan reduced to lame-duck status, the summit now will be dominated by the powerful and opposing personalities of Thatcher and Mitterrand. The reality between the two might well pose problems for Mulroney in his role as chairman. "The chemistry is going to be very difficult," said a senior Canadian official of the British and French leaders. "They're not very fond of each other."

Pride: With a Canadian federal election due in less than 15 months, Mulroney's fourth economic summit—and the first in Canada since he took office in September, 1984—presented him with an opportunity to appear statesmanlike. Mulroney's G7 colleagues were expected to help. An unspoken tradition that has grown up since the first summit requires visiting leaders to co-operate in making the host appear dominantly in charge. When Mulroney reads the final summit communiqué before television cameras at Toronto's Roy Thomson Hall on June 21, he will appear on a blue-and-grey set, isolated from the other leaders. "The net communicates a sense of pride in

your country," said Donald Dixon, executive producer of the city's last-broadcasters unit, which is in charge of broadcast facilities at the summit.

At the same time, Toronto—as Canada's largest and most affluent city—is promoting its bid for the 1996 Summer Olympics before an estimated 2,000 foreign journalists and broadcasters (page 60). Other summit ventures include the official delegations that range in size from the 300-member American group to the 50 Britons accompanying Thatcher.

As the leaders take stock, they have a good deal in the recent record to satisfy them. Despite the October stock market plunge, their nations finished the year with an average growth rate of 3.1 per cent, while inflation stayed at 2.6 per cent. That year, growth is expected to continue at slightly lower levels and inflation may be higher, but most economists sawgave earlier predictions of a recession later in 1988.

Good: Still, the U.S. budget deficit and a trade deficit, which—despite a recent improvement—is projected to total \$230 billion in 1988, have created a volatile mood in the international economy. Rural February U.S. trade figures announced in April eased the value of the dollar to plunge and triggered a 101-point decline in the New York Stock Exchange. Subsequently, the U.S. commerce department announced that American exports had picked up, reducing the trade deficit in March to \$14.6 billion from \$11.6 billion in February. The prospect of a higher-than-expected U.S. growth rate triggered fears of rising inflation. Stud Allen Brown, who is the president of the Bealco Co. and Kenwood Advertisers Inc. "With industries operating at near-full

expertise, the tremendous strength in exports suggests inflationary pressures."

Several of the leaders, including Mitterrand and De Mita, want a new commitment to the Louvre Accord—announced by G7 finance ministers at Paris's Louvre Palace in February, 1987. At the time, Japan and West Germany undertook to stabilize their economies, and the United States promised to take strong measures to reduce its budget deficit—in the hope of making Japan and West Germany buy more U.S. goods, while reducing U.S. imports. Although Washington is stinging at a \$21-billion reduction in its budget deficit in the current fiscal year, American officials say that neither the Japanese nor the West Germans have made sufficient efforts to expand their economies. Indeed, one of the summit's main thrusts is toward "structural adjustments" in areas such as privatization, deregulation and increased competitiveness within the G7 nations—all measures aimed at encouraging greater growth among the Western economies.

With as much uncertainty on the horizon, Maloney was agreement among his summit colleagues for a back-to-basics approach at the Toronto meeting, with the emphasis on economic issues, leaving discussion of social and political questions until later in the conference. Some changes in the summit agenda were worked out by Byron Orr, Canadian ambassador for multilateral trade—and Maloney's personal representative for the summit—and his G7 counterparts. At Maloney's urging, the leaders were meeting twice without their finance and foreign ministers to discuss areas in which foreign policy issues and economic affairs are linked.

Debt. The complex issue of Third World debt may be an area in which the summit can produce results, thanks to a Canadian negotiating expertise. While no major proposals are likely for the Latin American nations, whose obligations make up a large portion of the total \$3.5 trillion in Third World debt, some summit leaders are interested in helping a group of 22 impoverished African debtor nations that own a total of \$55 billion in bank government loans. A proposal this spring for government subsidization of reduced interest rates on some loans met opposition from some summit powers. The United States, for one, said that the proposal was contrary to U.S. law. Canada—which has written off \$672 million in debt owed by 13 African countries in the past 10 months—suggested that nations that objected to interest-rate reductions could help by forgiving some government-to-government loans and offering longer repayment periods for others. Last week France put forward a package of proposals that included a suggestion to simply forgive a portion of the debts. Meanwhile, Washington dropped its opposition to reduced interest rates.

Also planned are discussions on ways of achieving greater progress at the current round of trade liberalization talks by the 94-nation General Agreement on Tariffs and Trade before the midterm review scheduled for Montreal from Dec. 5 to 9. Despite common ground on some issues, each leader headed to the summit with a set of personal priorities. The summit nations and where they stand:

■ **BRITAIN:** The revitalized British economy is expanding at a rate second only to Japan's, and, as a result, Thatcher has few contentions issues to raise. Despite continuing high unemployment (9.6 per cent), Britain's economy grew by an estimated 4.6 per cent last year. Thatcher will urge other leaders to follow Britain's example and speed up deregulation and privatization measures.

■ **THE UNITED STATES:** With the U.S. economy showing unexpected strength—it grew at an estimated annual rate

■ **WEST GERMANY:** Some of Kohl's officials have expressed acceptance over "Germany-bashing" by Washington. Bonn fears that—with only two-per-cent growth forecast for West Germany this year—sales of West German cars and other goods in the United States could trigger protectionist action. West Germany's trade surplus and other officials in Bonn say that they cannot expand the economy further without risking increased inflation.

■ **JAPAN:** Takashita maintains that Japan has taken sufficient steps to help ease the U.S. trade issue. By stimulating domestic demand and making the rich Japanese market more accessible to foreign producers, Japan last year expanded its exports at record levels by \$25 billion, to \$97.4 billion. Takashita is known to fear protectionist pressures in Washington, and he calls the Ottawa Trade Bill that is now before Congress—providing for stiff action against trading nations that Washington considers under "a dangerous trend."

■ **ITALY:** With a 29-per-cent growth rate expected for Italy this year, De Mita wants to be the moderator of economic policies. He is pressing Washington to adopt more effective measures to reduce its budget deficit and wants the Japanese and West Germans to expand their economies. "It is true that fiscal policies have moved in the right direction," said an Italian official, "but it's also true that they have not gone very far."

■ **CANADA:** Maloney wants to find ways of ending the war over agricultural subsidies between Washington and Europe that, he says, has shaped Ottawa and the provinces to provide a costly array of support measures, including price stabilization and subsidized crop insurance. With the Canadian economy enjoying strong growth—it is expected to expand by 2.6 per cent this year—Canada's short-term outlook is encouraging. But Canada could come under fire for its slow progress in reducing the \$58-billion federal budget deficit. Canada is at 10 per cent of gross domestic product is one of the highest among G7 nations.

■ **GRIEVANCES:** Agricultural subsidies remain one of the most troublesome issues before the summit. During the past decade, the success of improved varieties of grain and other crops has contributed to a growing world agricultural glut, while farmers have come to rely on subsidies in the face of reduced international competition. As a result, under the m's Common Agricultural Policy, European farmers now receive subsidies worth \$82 billion a year, amounting to 45 per cent of farm income, while U.S. farmers receive \$36 billion (20 per cent of income) in the form of subsidies. Canadian farmers—who face the prospect of a damaging drought in the West this summer—receive more than \$6 billion in annual subsidies, or 46 per cent of total farm income.

Washington, which has mounted an aggressive program of export subsidies to counter similar European measures, wants the G7 nations to discontinue farm subsidies by the year 2000. But European governments insist that Washington should halt its export subsidies before negotiations can start. Because of the deep divisions over the issue, the final summit communiqué may contain only a cautious nod toward undertaking to seek ways of phasing out agricultural support—as did last year's Venice communiqué.

Indeed, because recent summits have produced few immediate results, some critics say that they are a waste of time. Others say that by becoming globally media spectacles, summits have lost the sense of urgency that was present when French president Valéry Giscard d'Estaing first invited Western leaders 12½ years ago to deal with pressing economic issues. Said Robert Horvath, a vice-president of the New York City merchant banking firm of Goldman Sachs International who, as an assistant secretary of state helped arrange U.S. participation in eight previous summits: "The summit process will be seriously jeopardized unless it can soon re-establish some of the relevance it had in those early days."

Goal. Maloney's determination to produce a more businesslike affair was intended to steer the Toronto summit in that direction. To help achieve that goal, Canadian officials were intent on having the final communiqué reflect the substance of the summit discussions, rather than, as in the past, being a document drafted in advance by key ministers. At the same time, summit officials point out that even seemingly biased communiqué declarations can have important repercussions. According to Orr, summits "become a focal point for forward planning involving key departments" in each country. As a result, when leaders commit themselves to a course of action at the summit level, their declarations serve to mobilize their bureaucracies to find ways of fulfilling the summit undertakings.

Still, the greatest value of the summit experience may be at the human level—by allowing the assembled leaders to meet face to face and test one another's mettle. "These summits are probably not negotiating sessions," said a senior U.S. government official. "The basic objective is for these people to get a feel for each other." And the real effect of just what is said is agreed to in Toronto's wilderness summit chamber may only be apparent in the complex unfolding of economic events in the years ahead.

—MARK MCINTOSH with HELENE MACDONALD and BRUCE WALLACE
in OTTAWA. JON KUSTIN in Washington. ANDREW PHILLIPS
in London and Peter and correspondents' reports.

SUMMIT UPS AND DOWNS

The annual economic summit aims to foster prosperity and to fight inflation and unemployment. Weighted average percentages, including Grosse Pointe Domestic Product growth, for all seven summit nations (OECD average)

	Inflation	Unemployment	GDP Growth
'75	10.9	5.4	-0.4
'76	7.9	5.4	5.0
'77	8.0	5.3	3.8
'78	7.0	5.0	4.4
'79	9.3	4.9	3.2
'80	12.2	5.5	-1.1
'81	10.0	6.3	2.3
'82	7.0	7.7	-0.6
'83	4.4	8.1	2.9
'84	4.4	7.6	4.8
'85	3.8	7.3	3.1
'86	3.0	7.4	2.3
'87	2.8	7.0	3.1

of 3.9 per cent in the first quarter of 1988—Washington is pressing long-standing demands that Japan and West Germany do more to stimulate their economies. As well, Reagan was expected to underline a request that Treasury Secretary James Baker has been conveying to his fellow G7 finance ministers. Washington wants them to help keep the U.S. dollar stable during the run-up to November's presidential election by intervening in international markets to prevent currency fluctuations.

■ **FRANCE:** Although the French economy moved ahead by only two per cent last year, growth is expected to rise to three per cent this year. Because he believes that exchange-rate fluctuations are harmful to Third World countries, Mitterrand—re-elected president just five weeks ago—is pushing a proposal to replace the U.S. dollar as the basic international currency, perhaps with a unit based on the combined value of the U.S. dollar, the Japanese yen and the national currency used in the European Common currency, the euro.



Summit attendees agreed members hope in a dunkerlike meeting place

'A COMMONALITY OF VALUES'

After months of preparation at chairman of the 14th annual economic summit, Prime Minister Brian Mulroney outlined his hopes for the Toronto meeting in an interview with Maclean's. During the two-hour exchange—one day before his anniversary as Conservative leader—Mulroney discussed his relationships with the other summit leaders and some domestic issues. Excerpts.

Maclean's: How would you describe the mood of the summit?

Mulroney: I have a very good relationship with President Reagan—very friendly. I know Margaret Thatcher on a first-name basis. So we talk about families, children, various problems that we all encounter. These are countries that we have everything in common with—the most prosperous in the world. There is a commonality of lifestyle, of values, of military perceptions and of defense arrangements.

our exchanges of views. Everyone there knows all about politics. I have been up and down and looked around and sometimes admired and sometimes criticized, but we are all in the same boat. We understand the fundamental rules and rule No. 1 is if you get elected, you're there.

Maclean's: How have the summits changed over the years?

Mulroney: Originally, they were much more informal. But they have become over the years bureaucratized. Some

would arrive and go straight to a working dinner to deal with politics. In, right off the bat, you were removed from the key agenda. Now, to avoid that, after everybody checks in on Sunday there will be a separate session with the leaders alone to talk about economic—daily, unglamorous, indispensable economics. No one is coming there with any speeches. I have asked Margaret to lead off here. She is a good spontaneous speaker, which not everybody is.

Maclean's: If your goal is to keep the summit informal, was it a mistake to hold it in downtown Toronto?

Mulroney: No. Toronto is the best-kept secret of the industrialized world. It is one of the most civilized, cultured, attractive places to live, and it ranks, in my judgment, at the top of the league in terms of quality of life, economic progress and multicultural vitality. So I want them to see Toronto and to work in it. Also, Toronto has the facilities which are needed for these things to run efficiently. After the Commonwealth summit in Vancouver last year, Margaret wrote me a long handwritten note saying that she thought it was one of the most efficiently run meetings. And, quite frankly, I want Toronto to get a head start in [its bid for the 1996 Summer] Olympics.

Maclean's: Are there other changes in the way you are going to run the meeting?

Mulroney: On the second day, there is a separate informal session. This is an opportunity for the leaders to speak to the future. This session came about because of a concern I have about the kind of problems that we've got attention in Canada. For example, illiteracy—one out of four Canadians is functionally illiterate, and this is astonishing. We are also inviting their views on issues such as education and training. It is opened. At dinner, we can deal with related concerns like the environment and drugs. Drugs are a major problem for all of us.

Maclean's: Will that restore the credibility of economic summits?

Mulroney: I think it will help. When I went to everyone with these agendas, they were enthusiastically received. Everyone said, "Thank God for that. This is going to be great—and, by the way, I want to talk about such and such."

Maclean's: This has called for a reduction in agricultural subsidies, particularly in Europe. Where are you and Europe last month, you disagreed over



Agrees sharing that Canadian farm subsidies differ little proportionately from those in Europe. Go you must say something about the summit?

Mulroney: I don't think anything will happen overnight. The Canadian farm community is very supportive of what we are trying to do. They know Mulroney well that they are not in the same league as the Europeans. Everyone knows that. They are very saddened by the unfairness of that claim.

Maclean's: That's the European's excuse to make, will Canada cut its own to reduce agricultural subsidies?

Mulroney: No, no, I'm not saying that. This can only be done in tandem. This is why there has to be common action. I will not let a single Canadian farmer go down the chute because he and his family have been put out of work by an artificial, trade-distorting subsidy paid by one of our competitors. Having said that, if we agree that we have got to change our attitudes and begin paying some of this money into other areas, then Canada will be a part of it.

Maclean's: Are you worried that the European nations will launch yet another counterblast on Canadian agricultural subsidies?

Mulroney: No. The only negative review that we received was from a few Canadian reporters who accepted a piece of paper from a faceless bureaucrat in the European Community. That was the ultimate in unprofessionalism, and it did a grave disservice to Canadian farmers. If a Canadian reporter wants to see the Germans or the French and say, "By the way, the Canadians are as bad as you are," they would laugh them out of town. I have acknowledged many times that we are in the subsidy business.

We're in the business because we were driven into it. And to negotiate under my government has increased very dramatically, and one of the reasons has been this war, this drought.

Maclean's: Recently, Canada announced that it was seeking a 10 per cent reduction in its subsidies to the poorest African countries. Are you planning any new initiatives?

Mulroney: I think that the World Bank is probably one of the most expert sources contracting us. My point is that if some dramatic gesture is not begun by somebody, nothing is going to happen. The Canadian initiative is already done. The French are now making forward with their own plan to forgive African debt, the Germans are on to it, and thus is tremendous. I think we can expect some progress on the debts of the poorest of the poor countries. But that, I am, expecting my minister, but we have been in the fire, and I am encouraged.

Maclean's: In the past few weeks, interest rates have risen in Canada in an apparent attempt to hold down prices. Are the seven leaders worried about a new spiral of inflation?

Mulroney: The principal objective of the summit is to sustain a climate of noninflationary economic growth. This is what it is all about. I am concerned about interest rates, and everybody is. But Canada's economic growth in the next years will be second only to Japan's. Our unemployment rate is continuing to fall. Where the problems come is in some of the Euro-

pean countries where there is strong growth but fewer jobs. So a key consideration has to be to get inflation down. Margaret and I have people here pointed out that that can be accomplished at this summit because the kind of the world's most powerful economy, Ronald Reagan, is, in effect, a lame-duck president.

Maclean's: It has always astonished me, that expression, "lame duck." Here is a guy who has just come back from the Soviet Union and who is pushing through the free trade agreement with Canada. He is as vigorous as you are ever going to see anyone, even close to that age. He is leading the most powerful economy in the world and he is the most popular president in the recent history of the United States, and some people think he's a lame duck. I can only speak for myself, but I can tell you when Ronald Reagan shows up at a meeting—because somebody else is in my seat. I have another point of view, but I want to give you mine—believe me, you're not talking to a lame duck. You're talking to a vigorous, very dynamic guy who is in charge of his business and knows what he wants to do.

Maclean's: From a domestic political standpoint, what do you expect to gain from the summit?

Mulroney: With foreign affairs, I believe politically that you gain very little by doing a good job. That's what Canadians expect to conduct yourself with dignity and some class. So you give very little politically, but let me tell you, you can have a hell of a lot of something in properly handled.

This is Canada's summit. There's going to be a special focus on Canada and a unique focus on Toronto. I want the members to go well I want the leaders and the world's press to speak well of Canada and of how they are created. And, on the substance, I hope that what we put together will be a little more informal, a little more spontaneous, a little more productive.

Maclean's: But will that lead to anything concrete?

Mulroney: It's not that kind of thing. An unbridled accomplishment for Canada is to have these nine and it's important for President Reagan, Mrs. Thatcher, Chancellor Kohl to understand the nuances of what is going on. To say "look, I was in Toronto, and Chancellor Kohl said he was going to do a, b, c, and d. And that's what he did." It's a sign that there is a sign, but it's one aspect of what beyond the kinds of accomplishments to which we are going to.



With Thatcher in London last month. I know Margaret Thatcher on a first-name basis.

Maclean's: On a personal level, what effect does that have?

Mulroney: There is a great understanding of one another as politicians. The only way you get there is by being elected head of one of the seven most powerful countries in the Western world. There is a healthy respect for anybody around that table who can do that. But there will also be a sharing of anecdotes, funny stories and some very robust, vigor-

would say that the atmosphere is stratified. If we wanted to put a coin in into the cosmopolitan. That would take five minutes, a "cosmopolitan" would take a couple of days, and to put it in English, French and Japanese, that would take a small army. I said, this thing is easy.

Maclean's: Will this summit differ from previous ones?

Mulroney: This is supposed to be an essence summit, but in the past you

MARGARET THATCHER



BRITAIN

Population: 57 million
Per Capita GDP: \$15,532
Total 1987 Trade: \$279 billion

She is a unique political figure, a prime minister who does not shrink from bold action but also talks of her need to remain "flexible." By virtue of tenure alone—the Toronto economic summit is her 10th—Britain's Margaret Thatcher is the senior leader among the summit seven. Her dominance is reinforced by the fact that Ronald Reagan is attending his final summit with only seven months remaining as President of the United States. But it is also the strength of her style and presence that has gained for the formidable British prime minister her role as the pre-eminent leader of the major industrial democracies.

Thatcher's role is enhanced both by her government's success in reinvigorating Britain's economy—and by her imposing personality. Most observers say that her policies arrested the economic decline that Britain suffered during most of the postwar period and created a boom that has returned the nation to the forefront of industrial countries. Those gains have been accompanied by a great deal of pain—unemployment and severe cuts in many government services—but Thatcher, since she was first elected in 1979, showed only contempt for fellow Conservatives inclined to take less severe measures. Her unyielding nature and often-strident tones have made her a leader who is widely respected.

Accompanying Thatcher to Toronto are Sir Geoffrey Howe, her foreign minister, and Nigel Lawson, her chancellor of the exchequer. Lawson is regarded by many analysts as the most successful finance minister in decades. Still, he and Thatcher do not always agree on policies. Only this spring, in a public disagreement over managing sterling's exchange rate, Lawson finally



prevailed in his policy of keeping the pound from rising too far against other currencies.

Despite her image as a sometimes-overbearing leader, Thatcher has always been conscious of her role as one of the few women to reach top political office. She once remarked, "I may be the prime minister, but the one thing I will insist on is being feminine." In 1985, shortly before turning 68, she underwent a make-over that included straightening her teeth, darkening her hair and changing her makeup. Now a vigorous 66, she maintains a demanding schedule and shows no sign of relinquishing power. Speaking at a Conservative women's conference last month, Thatcher declared, "We are only in our third term—and a woman's work is never done." It was a clear signal that she intends to continue attending summits, and other such gatherings, for years to come.

—ANDREW PHILLIPS in London

HIGH COMMISSIONER SIR ALAN URWICK

One measure of his cosmopolitan experience is his marriage. Alan Urwick and Mieta Montagne, the daughter of a Peruvian diplomat, met in Lebanon while he was studying Arabic. Another is Sir Alan's speaking knowledge of six languages besides his Oxford English. Canada is the eighth country he has served in, not counting Britain and postwar army ser-

vices in occupied Austria, Ottawa. In his third ambassadorship—after Armenia and Cairo—and his last, at 68, he is two years away from retirement age in the British Foreign Service, which lately has involved him in helping the British delegates to prepare for the seven-nation Toronto summit.

Meanwhile, Sir Alan remains the inveterate traveller that he has



been throughout his career. Since his posting to Canada last December, he has visited all 10 provinces—the latest, Newfoundland earlier this month. What he has found, he says, "is a

sense of boundless opportunity in this country." Still, although he says that he enjoys a mercantile life that includes winter skating on the Rideau Canal or bicycling on its towpaths in summer and the theatre in Stratford, Ont., and Niagara-on-the-Lake, he knows the impression is an overstatement. That, after a peripatetic career, he also looks forward to living at the Urwick home in Sussex, with the garden that he says he loves to tend. □

RONALD REAGAN



UNITED STATES

Population: 246 million
Per Capita GDP: \$24,430
Total 1987 Trade: \$894 billion

When Ronald Reagan went to Montefiore, Que., in 1980 for his inaugural summit debut, the new U.S. President was in many ways the odd man out. His hard-line anti-Soviet position during his first six months in office had alienated some of the leaders Reaganites, the basis of the President's election campaign—a program of tax cuts and increased spending—was viewed with suspicion by other leaders. Except for Reagan's Margaret Thatcher, none of the leaders then seemed to share the American electorate's enthusiasm for the former governor of California.

Now, as Reagan returns to Canada for his final economic summit appearance, the situation has dramatically changed. The old cold warrior is fresh from his summit meeting in Moscow as an advocate of arms control and closer ties between East and West. And, despite the fact that the introduction of Reaganomics coincided with a severe recession in 1981 and 1982, all of the summit nations now have borrowed pages from Reagan's free-market economic text. Said one U.S. official: "When Reagan first exposed his economic ideas, most of them thought he was nuts. Now everyone is studying from the same kernel."

But while the 71-year-old President's administration has gradually gained approval from the 1988 summit's predominantly conservative leaders, his image at home is undergoing a brutal reassessment. It has been quickly noted that Reagan is disinclined to concentrate on emphasized issues. Still, until recently, the American news media and the public have been restrained in their criticism and were often approving of his hands-off management style.

But a series of scandals by people who formerly exercised power delegated by Reagan has provoked more controversy about his presidency. Most damaging has been an often-bitter book by Donald Regan who



resigned under White House pressure last year as Reagan's chief of staff. Regan portrays his former boss as a passive seer dominated by Nancy Reagan. And what caught the public's interest was the book's assertion that the President's schedule had been fitted around advice that Nancy Reagan obtained from a California astrologer and sociologist. At the same time, during a criminal investigation into possible conflicts of interest by Attorney General Edwin Meese, Reagan has remained passive even from political allies to fire Meese and, interestingly, stands alone in stubborn support of his old California ally.

For Reagan, whose recent achievements in foreign relations have helped to avert domestic criticisms, the Toronto meeting—largely among friends—provides another opportunity to reaffirm the Reagan record just seven months before he leaves office.

—IAN MESTEN in Washington

AMBASSADOR THOMAS NILES

Since joining the foreign service in 1963, Thomas Niles has spent most of his time developing expertise in Eastern European affairs and NATO issues during assignments in Moscow, Belgrade and Brussels. A linguist who speaks French, Russian, German and Serbo-Croatian, and a history graduate from Harvard University, the native of Lexington, Ky., now

46, was appointed a deputy assistant secretary of state early in Ronald Reagan's presidency. His first major project in the state department office for European affairs, which then also dealt with Canadian relations, leading a negotiating team on and out.

That abrupt change of focus in his career—the talks with Canada on reducing acid rain



failed—led in 1985 to Niles's appointment as ambassador to Canada. Still, he expresses enthusiasm for living in Ottawa. He jogs and plays squash, this cross-country and says that

he dotes on the mongrel dog and two cats that are household pets kept by him and his wife, Correll, the parents of a son and a daughter in their town. What he does not let the capital lacks major-league sports, a personal passion. His favorite baseball team is the Baltimore Orioles. But in Canada, he adds with professional diplomacy, he also follows Baltimore's American League rivals, the Toronto Blue Jays. □

FRANÇOIS MITTERRAND



FRANCE

Population: 56 million
Per Capita GDP: \$33,457
Total 1987 Trade: \$107 billion

For François Mitterrand, the Toronto summit comes at a welcome moment. The president of France meets the other leaders fresh from a personal triumph that they all can understand and admire—an resounding re-election to a second seven-year term. At the same time, his Socialist party was set to enhance its strength in legislative elections. As a result, Mitterrand is in a much stronger position than at the previous two annual summits in Venice and in Tokyo. At both those meetings, Mitterrand had to share the limelight with Jacques Chirac, the conservative prime minister who gained the leadership of the assembly in 1986. Now, as a result of popular approval, Mitterrand is clearly the unchallenged leader of France.

Indeed, Mitterrand is at the height of his political powers. After a four-decade career during which he was virtually written off politically several times, the 75-year-old president dominates France more than any political figure since the late Charles de Gaulle. He is the only person to have been elected in two terms as president in a general election since the Fifth Republic was established 36 years ago. And his victory over Chirac last month by a margin of 54 per cent to 46 per cent was considered a landslide.

Once an orthodox Socialist, Mitterrand has tailored his policies to fit the more centrist mood of French voters—establishing himself as a masterful political strategist whose skills are admired even by his opponents. He has managed to transform himself from a traditional partisan politician into a reassuring leader who is known at home simply as "Tototo" (Uncle). "Mitterrand is a seducer," says Jacques Alméras, far-right editor of the Paris newspaper *Le Monde*. "And he has seduced France."

In personal style, Mitterrand combines an intellectual aloofness with a populist touch. A lifetime journal-



ist who was educated as a lawyer, he is the author of more than a dozen books. During the spring presidential campaign, he issued a 17,000-word "Letter to the French" that he wrote by hand at his country retreat. He also endures a few constructions—such as refusing to wear a watch. At the same time, despite a reputation for aloofness, Mitterrand can be more down to earth than many other national leaders. He often relaxes by slipping out of the ornate Elysée Palace, the French president's official residence, and strolling through the streets of Paris wearing a workman's cloth cap—followed at a discreet distance by his bodyguards. And at night, he returns to his left bank apartment where he lives with his wife, Danielle. It is a style that has allowed Mitterrand to dominate his country's national life. And he is positioned to be a voice among world leaders well into the next decade.

—ANDREW FELDAPIS in Paris

AMBASSADOR PHILIPPE HUSSON

A veteran of 24 years in the French foreign service, Philippe Husson served in Morocco, Romania, the Soviet Union and at the United Nations in New York City before being assigned to Ottawa from 1981 to 1984 as embassy first counselor. Husson says that when that posting ended, he knew he wanted to return eventually—and he did. After a term as ambas-



assador to Finland and a three-year assignment back in Paris with the French foreign ministry, Husson was posted to Canada in March, 1987, as ambassador and took up residence in the magnificent art Deco-style French Embassy on the right bank of the Ottawa River. Husson, 61, the father of five grown children, values the easy friends he has made in Ottawa. His

strongest impression of Canada? "Relative to Europe, its scale is impressive. You have to get used to it."

Born in Rouen, capital of New Brunswick, a French territory in the

South Pacific where his father was serving as an officer in the French army, Husson later studied law and political science in France and chose a diplomatic career because of the attraction that he says he feels for foreign places and people. He applies that feeling to summit meetings. The value of summits, he says, is that they help leaders to know each other and, always, if you know someone, it is easier to solve problems. □

HELMUT KOHL



WEST GERMANY

Population: 62 million
Per Capita GDP: \$34,294
Total 1987 Trade: \$193 billion

The largest leader at the annual economic summit since 1984 presides over Europe's biggest economy in power. At five feet, four inches tall and well over 200 lb., Helmut Kohl's nickname is "the black bear." The country rivals the United States in per-capita production of wealth and in trade. At age 68, he has been chancellor since October, 1982, controlling the centre-right coalition government that is led by his Christian Democratic Party. Despite that, his critics maintain that Kohl is at times a loose-bellied politician.

But Kohl, a Christian Democrat for 43 years, displays a profound understanding of party politics. His practice of evading provocative confrontations was expected to carry him through the Toronto summit meeting. His faith, where he again faces pressure to expand the West German economy to encourage exports and help relieve the trade deficits plaguing some of its central partners. But Kohl, who is expected to face a federal election within two years, is unlikely to make domestic support by changing economic direction in a way that might stimulate inflation at home.

Already, his party has experienced setbacks at the state level in recent elections, and some of its members have been linked to several scandals. But the national leader retains support in his base: conservative constituency, according to opinion polls. And although others in his cabinet may struggle Kohl in aliphysics and intellect, there are no obvious rivals for the leadership, including the senior vice-chancellor Kohl in "Germany." Following Helmut Kohl's Chancellor, Finance Minister Gerhard Schröder and Economics Minister Martin Bangemann.

Indeed, the chancellor's popularity among the electors may well be muted in a widespread perception of Kohl as a leader with a nonchalant manner—gruff but a nervous public speaker, shy before the camera, a



man who loves fine food but who retreats at least once a year to a spa to diet. He plays lead, classical trumpet music in his office and in his Mercedes-Benz, keeps an aquarium and likes to hike and collect rocks, usually adding to his collection on such abroad.

In the four days before the summit, Kohl scheduled an address to Parliament, a speech at the University of Toronto and a visit to Kitchener, Ont., formerly named Berlin. That city's large German-Canadian community is part of Canada's third-largest ethnic group—almost 900,000 people of exclusively German origin—after those of British and French descent. And West Germany is the third-largest source of foreign investment in Canada, following the United States and Britain. For Kohl, his extended visit is a rare opportunity to reinforce the political and economic ties between Germany and Canada.

—PATRICIA GIBBILAN with PEGGY TRAUTMAN in Bonn

AMBASSADOR WOLFGANG BEHRENS

His postings during a 36-year career in the West German foreign service have included the towering cities of Hong Kong, New Delhi and Cairo, as well as Paris and Vienna. But Wolfgang Behrens says that he prefers living in such "compact" urban centres as Ottawa, where he has been Bonn's ambassador for almost five years. Before being assigned to



Canada, he served as representative to the United Nations Human Rights Commission in Geneva. A lawyer with degrees from West Germany's University of Göttingen and George Washington University in Washington, D.C., Behrens also is a specialist in political and military affairs. His experience as a diplomat has persuaded Behrens that the annual economic

summits are important because, he says, they represent "the very important top echelon of a system that has evolved over the years to ensure that the seven biggest economies co-operate closely." Diversed and the father of three daughters—two live in West Germany and one is a student in Toronto—Behrens at 62 says that in his spare time he is a student of wine, enjoys entertaining and good food, and he likes to go cross-country skiing in the winter in the nearby Gatineau Hills. He enjoys living in Ottawa "because I hate big cities, and this isn't one. I am very happy here." □

NOBORU TAKESHITA



JAPAN
Population: 122 million
Per Capita GDP: \$23,395
Total 1987 Trade: \$308 billion

He is known as a master of consensus, an old-school politician who whittles his way toward expedient, if possible, solutions. When Noboru Takeshita, married Yasuhiro Nakasone as Japanese prime minister last November, he was often described as lacking the charisma that distinguished his predecessor. With a style that is noted instead in the Japanese tradition of polite consensus, Takeshita, 61, has made a career of political free-floating, avoiding confrontations over the issues, he relies on hard work and an encyclopedic memory to deal with the fine details. "The problem with Takeshita," according to a political scientist who knows him well, "is that the only thing he really cares about is politics. You can see him start to get bored when you talk about policy matters."

Still, Takeshita is experienced in summit diplomacy. He has already attended the economic summit as Japan's finance minister. With its basic industrial strength, financial power and marketing talents, Japan is accustomed to criticism from its competitors in the West. But Takeshita is playing with such a strong hand that, in Toronto, he can afford to be conciliatory. Anything to complement Japan's trade surplus, he recently pointed to his nation's deflating exports and improved market conditions as signs of good faith. Meanwhile, he predicted that the summit nations were unlikely to agree on any new plans to stabilize currencies in June. "I don't think there will be any fresh advances," he said.

Takeshita learned the craft of political ouster at an early age. His father, an affluent sake brewer in the western village of Matsuyama, was a successful ward politician. Schooled at Waseda University, Takeshita, interpreted his university education to study as a pilot in the Second World War, but hostilities ended before he saw action. Returning to Tokyo's Waseda University, he completed his commerce studies in 1947. Then, after a brief



stint as a high-school English teacher—he has since lost his command of the language—Takeshita followed in his father's footsteps by becoming a member of the Shintose Prefectural Assembly. In 1966, he was elected to the lower house of the Japanese parliament, the Diet, as a member of the ruling Liberal Democratic Party. Later, as a cabinet minister and a party expulsee, Takeshita developed a reputation for being a consummate backroom politician. At one fund-raising dinner for the party, he caused the equivalent of 800 rubles.

In many ways, Takeshita epitomizes the ideals of hard work and discipline that underlie Japan's industrial strength. Fit and trim, he is a black-belt judo enthusiast. According to popular legend, even as a subway boy Takeshita would make sure that all his judo bouts ended in a draw—so that his opponents would not lose face. In politics, as in judo, he once explained, "I go step by step."

—BRAND D. JOHNSON with GREGG KILLIP and in Tokyo

AMBASSADOR YOSHIO OKAWA

Of those, especially its visitors, has been a man with experience for Yoshio Okawa, whose previous postings in the Japanese diplomatic service took him to cities with more temperate climates. In a career that spanned 41 years, Okawa has served in Manila, Geneva, Paris and London—the only where he was born 65 years ago when his father was working there

as an antique dealer. Okawa says that, like many visitors from densely populated Japan, he is struck by Canada's vastness. He has one complaint about his two years of service in Canada: Ottawa winters are too long. Luckily, as a man who loves literature and is fluent in English and French, Okawa says that he has spent much of his spare time indoors discovering



Canadian writers. "That has been my main joy," says Okawa, who professionally is a specialist in world trade and disarmament. He says that he has grown to admire especially

the works of Margaret Laurence, Robertson Davies, Anne Hébert and Yves Thériault. He was so enthralled by Laurence's words—"her writing is very down to earth, very teachable"—that he visited her girlfriend home in Neepawa, Man., during his travels across Canada. And Okawa, "I am trying to discover more about Canadian culture than what you get from Anne of Green Gables. That's all I know in Japan." □

CIRIACO DE MITA



ITALY
Population: 57 million
Per Capita GDP: \$17,160
Total 1987 Trade: \$315 billion

He retains the rustic local accent of his home village of Naxos, in the mountain east of Naples. At 66, he is balding and leers as a blunt public performer. And his favorite pastime seems to be playing cards with old buddies after lunch. But Ciriaco De Mita, the prime minister since April of Italy's 48th postwar government, is a seasoned power broker.

Elected in 1981 as secretary of the Christian Democratic Party—the major party in Italy's coalition governments for 40 years—he has controlled patronage appointments in an organization ruled by regional barons. To the evident displeasure of some powerful barons, he waged an anticorruption campaign following repeated charges of misuse of party funds. Although he is the least experienced of the summit leaders, De Mita brings shrewd political insight to the Toronto meeting. One of his close advisers, Riccardo Misasi, says that De Mita "has all of Caesar's leadership qualities, without the authoritarian streak."

De Mita's main strength—and his weakness—is his long commitment to his party. The son of a tailor, he studied law at Milan's Catholic University. There he joined the party in 1930 and was first elected to Italy's parliament in 1963. He held major cabinet portfolios in the early 1970s but has operated primarily in the back rooms. In fact, getting the prime minister's job was given by many Italians as punishment—not a promotion.

Indeed, observers say that disaffected party members got their names forward as prime minister as a way of naming him out of the more powerful party post. De Mita's failure, according to his critics, was his inability to greatly improve the party's appeal after a postwar low of 30 per cent of the vote in 1963. As leader of a precarious five-party coalition government who may give up his party job at the next congress within a



year, De Mita's grip on power will be severely tested.

De Mita's performance at the Toronto summit—where the Italian community planned a festive welcome—will be watched at home. Accompanying him is Giulio Andreotti, the veteran of seven cabinets both as prime minister and, since 1983, as foreign minister. Nicknamed "the Pope," Andreotti is famous for his mastery of persuasion, the art of persuading others.

De Mita's domestic objective is to stabilize Italy's governing process. He says that his main aim is to keep his government in power until the next scheduled elections in 1989. As he told a biographer: "Frustrating has come easily in my life, and even when I have been successful, things have always been difficult. That is why I am patient. And, for me, patience does not mean backing down." Indeed, in the tumultuous politics of Italy, patience may mean survival.

—ANGELA FERRANTE with PAUL ROMANO in Rome

AMBASSADOR VALENTINO BRINGANTE COLONNA



There are many things that, when Brigante Colonna Arrighi last came to administration he came to Canada in 1980 as Italy's ambassador. Among them, he says, are the civil people, fabulous scenery—and early morning rides on a dark bay gelding named Reef through the Gatineau Hills, behind his suburban Ottawa home near Aylmer, Que. But in a mobile, 20-year career

with whom of a modern Milan Polo—Boris de Mita's first and last—his ambassador, 61, says that the experience. It becomes most fondly as Asia. Fascinated by ancient civilizations, he has had several return visits to India, which was among career assignments that included Afghanistan, Iran and Iraq.

But for all of his fascination with the ancient, Brigante Colonna is a theoretically attentive to matters as modern as the seven-nation summit meeting in Toronto. "No more is there an absolute economic leader in the world," he says, "no comparison of similar size most sort out problems together." And in relations between Italy and Canada, the ambassador stresses that it is a high time to upgrade and expand trade between the two countries to include more high-technology products. But for a man who has a long perspective on living, both ancient and modern, Brigante Colonna, mostly concludes that "you can't let problems grow at your heart, you must learn to laugh at yourself and at things." □

BRIAN MULRONEY



CANADA

Population: 36 million
Per Capita GNP: \$21,544
Total 1987 Trade: \$232 billion

Standing outside the glass-and-steel headquarters of the European Commission in Brussels last month, Brian Mulroney was asked how Canada's record as agricultural subsidies compared with that of its competitors in Western Europe. "Is Bae Comesa," the 60-year-old Prime Minister responded, "we would say that we are playing in the junior leagues and they are in the national league." That sort of offhand remark is typical of Mulroney, who likes to lead his conversations with references to his working-class background as an electrician's son from Quebec's isolated North Shore. But it also reflected another of Mulroney's habits: his tendency to exaggerate. One of his closest advisers, Dalton Camp, described Mulroney as an "introvert" last year as "a great fly-by-the-nighter." Other analysts, noting Mulroney's Irish ancestry, refer to his propensity for blarney as the "Mulroney factor."

Mulroney's concern with image and his loose way with words have occasionally created controversy during his appearances on the international stage. At the 1985 Bonn economic summit—eight months after he swept to power with the largest parliamentary representation in Canada's history—the Prime Minister and his aides infamed his semi-literate role in a dispute between U.S. President Ronald Reagan and French President François Mitterrand over trade negotiations. At subsequent summits in Tokyo and Venice, Mulroney took more care not to overstate his contribution.

Still, as a former labor lawyer who in 1977 rose to become president of Iron Ore Co. of Canada, a major U.S.-owned mining company, Mulroney possesses unquestioned skills as a negotiator. His personal charm and easy informality are among his strongest political assets. Mulroney appears to be driven more by pragmatism than ideology. And he often demonstrates a desire to be liked and a determination not to give offence. The



fact that he has few fixed ideas of his own, according to his advisers, is an advantage in helping to reconcile the country's diverse regional and economic interest groups.

Critics often suggest that Mulroney, lacking many firm personal political beliefs, has no other motivation than the pursuit of power. He has also been accused of being thin-skinned and intensely partisan. But on a personal level, Mulroney can lay claim to an enviable record. In 1976, while still a young lawyer, he ran for the leadership of his Conservative party and suffered a humiliating defeat—after which he plunged into a period of heavy drinking. But, eventually, Mulroney gave up drinking, rebuilt his political career and, through sheer perseverance, captured his country's highest elected office. Now he is playing host to the leaders of the world's richest democracies—in small achievement for the boy from Bas Comesa.

—BOBB LAFER in Ottawa

AMBASSADOR SYLVIA OSTRY

As Prime Minister Mulroney's personal representative for the economic summit since 1985, Sylvia Ostry played a key role in the so-called Sherpa for the host leader in advance consultations with the other governments. An economist with international experience, Ostry also is ambassador to the current multinational trade negotiations under the General Agreement

on Tariffs and Trade. During her 34-year career in a variety of economic and bureaucratic roles—including head of economics and statistics for the Organisation for Economic Co-operation and Development in Paris from 1979 to 1982—Ostry, 61, has established a reputation as one of the toughest minds in the business. That reputation has unlocked the door to the

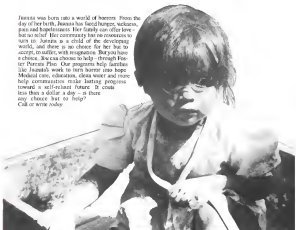


Group of Thirty, an exclusive, male-dominated club of academics, bankers and industrialists who are regarded as some of the top financial minds in the world. Known to her allies

and colleagues as a relentless worker with a passion for excellence, Ostry also gained a reputation in Ottawa—with her husband, Bernard, now the chairman of the public television network Televisa—as a social entrepreneur. Given a press moment, Ostry often will slip away from her high-powered economic meetings for what she describes as high-intensity shopping—a respite from her intense work as an economic Sherpa.

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A MIDDLE POWER AT THE TOP

As a nation whose leaders now join the confabers of the Western world's rich and powerful, Canada has come a long way from its colonial beginnings. It was not until 1867 that Ottawa decided to stop relying on Britain to defend Canada's interests abroad and three years later—45 years after Confederation—set up a four-member external affairs department in effect over a barbershop. Since then, Canada has developed a distinctive, middle-power role on the world stage that has been characterized by peacekeeping missions, behind-the-scenes mediation and extensive membership in international organizations. At the same time, Canada's economic weight, if not its diplomatic influence, has led

to involvement in the Western economic summit talks and membership in the powerful Group of Seven (G7) nations. Thomas Carleton, says Mitchell Sharp, who served as a Liberal external affairs minister from 1968 to 1974, mean that Canadian officials are now "more contact with the leaders of the world than ever before." Sharp added "We don't have to push ourselves. We are just there."

Talent Still. Canada's talent in foreign affairs, according to John Holmes, former director of the Canadian Institute of International Affairs, is its 150-year history of Canadian diplomacy. The *Shaping of Peace*, "not in the grouping of grand designs, but in the responses, in constructive amendments and in imaginative formulas." A firm supporter of the United Nations and its agencies, Canada is active in economic aid such as the International Monetary Fund and the World Bank. Canada is credited by some observers with helping to give the 96-nation General Agreement on Tariffs and Trade a strong role in the liberalization of global trade. As well, successive federal governments have fostered Canadian involvement in organizations where Canada's influence is most likely to be felt. As a result, the Toronto summit is the third to be hosted by Canada in the past 16 months. Following the meeting of 37 francophone nations in Quebec City last September and the 48-nation Commonwealth conference held in Vancouver in October.

Twenty. The shape of Canada's modern foreign policy emerged after the Second World War, when two External Affairs officials—Scott Reid and Dora Milgrom—argued that Ottawa's overriding goal should be to prevent an annihilating war between its two next-door neighbors, the United States and the Soviet

Union. To that end, Canada adopted a wary but flexible stance toward Moscow and helped create the North Atlantic Treaty Organization in 1949—in the hope of exerting a moderating influence on Washington during the Cold War years.

Canada was also a driving force in the creation of the United Nations, which became the scene of one of its greatest diplomatic triumphs. In 1966, after Egypt's seizure of the Suez Canal and an invasion by British and French forces, External Affairs Minister Lester B. Pearson helped defuse dangerous tensions by proposing a UN peacekeeping force. That successful action by the future Liberal prime minister earned him the 1957 Nobel Peace Prize.

Now, says Holmes, "and extraordinary skill—the great Canadian skill of compromise, which we learned is trying to get our country together."

Anger Still. Canada's diplomacy has often exhaled an independent streak that has annoyed its allies. John Diefenbaker's Conservative government in 1950 defied Washington by maintaining diplomatic relations with Fidel Castro's Cuban regime, and in 1970 Prime Minister Pierre Trudeau's Liberal defied U.S. policy by recognizing the legitimacy of the 85-year-old Communist Chinese government. The Trudeau government's of Great Britain in 1980 to sharply reduce Canada's military contribution in Europe provided sharp criticism and undermined Canada's standing in NATO.

While Canada's diplomatic influence has grown slowly, its role as one of the world's major trading nations and sponsor of the world's third-largest banking system earned it admission to international councils. Fresh out of the first economic summit at Finance's insistence, Canada took its seat in 1976 and, 10 years later, won its way into the Group of Seven. That does not mean that Canada has abandoned its traditional approach, which Holmes calls "realistic diplomacy."

At the same time, Canada's high-profile UN ambassador, Stephen Lewis—who leaves the post in August—has tirelessly championed the cause of African nations in the world assembly. For his part, Sharp says that External Affairs Minister Joe Clark is performing well in his post and continuing to create the kind of quiet, but constructive, foreign policy that carries the Canadian trademark.

—MARK NICHOLS with HELENE MACKENZIE in Ottawa



Oliver in Bangladesh activists with a talent for compromise

SO DISTINCTIVE. SO BEEFEATER.

IN SEARCH OF PROSPERITY

The setting was a secluded French chateau. Six leaders sought to co-ordinate economic policies for the benefit of all. They did not plan in that autumn of 1975 to make their economic summit a yearly event. Now, 20th years later, the setting of the 12th summit is downtown Toronto, the cast of leaders has changed, but the aim is the same. The record.

Rambouillet 1975

Nov. 15 to 17: Amid worldwide "stagflation"—combined economic stagnation and inflation—Valéry Giscard d'Estaing, then the president of France, convened a summit meeting of six leading industrial democracies at the 16th-century Chateau de Rambouillet, 35 km northwest of Paris. The economic malaise was fuelled by the U.S. deficit in Vietnam that year, recent world price increases for oil and a general shift to floating from fixed currency exchange rates. The leaders agreed to work jointly and urgently for "steady and lasting" growth and to "avoid unleashing additional inflationary forces."

Dezudo, Puerto Rico 1976

June 27 and 28: A seven-nation summit assembled to the Caribbean resort by U.S. President Gerald Ford—adding Canada's Prime Minister Pierre Trudeau to the group—promised to remain "vigilant against 'a new wave of inflation.'" Among the summit's suggestions: increase income controls "in some cases." Britain's Labour government had already resisted a wage restraint program with major British unions, and Trudeau's Liberal government had imposed wage and price controls the previous October. Canada's annual inflation rate—2.5 per cent in 1976—measured 6.8 per cent in 1978 when its anti-inflation program expired.

London 1977

May 7 and 8: Meeting at 10 Downing Street, Prime Minister James Callaghan's official residence, the leaders renewed commitments to "create jobs while continuing to reduce inflation." The majority sought pressure on Japan and West Germany to reduce their trade surpluses. The meeting generated controversy over U.S. President Jimmy Carter's criticism of the Soviet Union's human rights record, personal tensions between Carter and West German Chancellor Helmut Schmidt, and objections



Summit leaders, with guards, in Tokyo, 1979, seeking growth without inflation

from Franco's Giscard in the presence of the belated of the smaller European countries—of Britain Roy Jenkins, president of the European Communities.

Bonn 1978

July 16 and 17: Convinced by experience and by their West German host, Chancellor Helmut Schmidt, the seven leaders—joined by the U.S. James Callaghan, again when politics were discussed—acknowledged that there were no quick solutions to inflation, unemployment and unbalanced trade. "We are dealing with long-term problems, which will yield only to sustained efforts," their communiqué said. Persuaded by Canada's Trudeau and Japanese Prime Minister Takeo Fukuda, the leaders warmed to a separate statement that they would halt non-conventional fights to countries that failed to prosecute airline hijackers. Inspired by Schmidt's economic views, Trudeau introduced a federal austerity program after his return to Ottawa.

Tokyo 1979

Nov. 26 and 27: On the day that host Prime Minister Masayoshi Ohira convened the fifth summit, in Tokyo's Akasaka Palace, the major oil-exporting countries announced in Geneva that they were raising their regulated export prices by about 25 per cent (spot prices were even higher). That new inflationary threat prompted the summit leaders—including two prime ministers elected in May, Britain's Margaret Thatcher and Canada's Joe Clark—in agree to a seven-year program to restrict their oil imports.

Venice 1980

June 22 and 23: Oil prices again dominated the economic agenda—the leaders jointly pledged to use more coal for power—but conflicting responses to the Soviet invasion of Afghanistan six months earlier generated sparks. Moscow, facing a U.S.-led campaign to boycott the Moscow Summer Olympics, announced plans

on June 22 to withdraw some troops from Afghanistan. But the Venice meeting, despite the more conciliatory French and West German attitudes toward Moscow's leaders, called for a complete Soviet retreat.

Montebello, Que. 1981

July 25 to 27: The most urgent issue confronting Ronald Reagan's first

administration in the Falkland Islands, and promised to review U.S.-Soviet European issues in Moscow.

Williamshurg, Va. 1983

May 26 to 30: Although most of the visiting leaders attacked U.S. economic policies, the Williamshurg Declaration on Economic Recovery avoided naming host Ronald Re-

agan's in London's Lancaster House and demanded, "Darnit, President, what the hell are you doing?" Trudeau said later that he had recovered. "For heaven's sake, Ron, do a bit more."

Bonn 1985

May 2 to 4: A series of bomb scares and explosions cancelled the 11th European summit, the first attended by Canada's Brian Mulroney. The meeting itself was marked by discord, notably when French President François Mitterrand voiced a summit endorsement of the U.S. Star Wars space defence project and balked at setting a starting date for a new round of international trade negotiations without monetary reform. Confronting continued when President Reagan afterward visited a Soviet World War II military cemetery at nearby Bitburg, which includes Nazi SS graves.

Tokyo 1986

July 4 to 6: After an abortive attack by Japanese terrorists on their opening session in Akasaka Palace—five bomb-made rockets landed close to the nearby Canadian Embassy without injuring anyone—the summit leaders issued a broadsheet statement. It was supported by British Prime Minister Margaret Thatcher, who had suggested on April 14 U.S. air on Tokyo, the summit ended on July 6 as a potential target for political extremists. The leaders also agreed to expand a G-7 economic committee group of finance ministers to include Canada and Italy in a new Group of Seven (G7).

Venice 1987

June 8 to 10: A leadership summit—convened by caretaker host Antonio DiStasio pending Italy's June 14 election—covered a loosely defined agenda. U.S. leaders were dissatisfied by the Reagan administration's attitude and the U.S. position as the world's largest debtor nation. Margaret Thatcher went home after one day for a June 11 election in which she became the first British prime minister in 180 years to win a third consecutive term. In Venice, her absence influence helped to exclude a Canadian-sponsored debate on South Africa from the summit communiqué. New Thatcher attended the 14th summit in Rome—1987—on the widely acknowledged leader of the G-7.

economic summit was the new U.S. President's austere monetary program. His policy left antagonistic American interest rates at historic heights (some Canadian rates exceeded 30 per cent), depressed the exchange value of other currencies and disrupted world trade. Still, despite criticism of U.S. policy before and after the meeting in the rustic hotel near Chateau Montebello, 45 km east of Ottawa, "the summit emerged unscathed in the final, somewhat unusual by summit chairman Pierre Trudeau.

Versailles 1982

June 4 to 6: Guarded by 2,000 police inside Louis XIV's luxurious chateau in suburban Paris, the summit leaders negotiated a truce in several economic and policy disputes. Their communiqué promised undelivered efforts to fight recession and high interest rates. They said that they were "deeply disturbed" by Israel's June 4 invasion of Lebanon, were silent in advance of Britain's June 14 defeat of

Iran's administration in calling for reduced budget deficits, lower interest rates and stronger employment programs. Their debates over arms and peace in the reconstructed 18th-century village. "We should be looking not just for peace," Canada's Pierre Trudeau urged at one stage—also professed a commitment to seek "meaningful arms reductions" while affirming plans to deploy new U.S. missiles in Europe should arms talks with Moscow founder.

London 1984

June 7 to 9: Pierre Trudeau, senior in experience at his eighth economic summit, just three weeks away from his retirement as Canada's prime minister, pressed a personal agenda to inspire a breakthrough toward disarmament. But the other leaders rejected his appeal for a confidant declaration that stressed the shared peace objectives of East and West. Indeed, U.S. aides reported, President Reagan threw down his gloves at one impatient point during the



Toronto's Gault Street: Kensington Market shopper (below): from dilapidated colonial town to dynamic metropolis

'A CITY THAT WORKS'

The first time that Toronto figured in an international event of any consequence, it was ravaged by fire, looting and death. On April 27, 1813—when the Lake Ontario harbor town was called York, had fewer than 800 citizens and was not quite 10 years old—a skyborne invasion of 1,700 American troops overwhelmed a defence of 390 imperial British regulars and about the same number of colonial militia and Indians. Casualties totalled 117 soldiers killed and 325 wounded, many of these so seriously that they soon died. Most of the American casualties occurred when the retreating defenders blew up their own positions. The Canadians also perished when the American land force—a powerful, warily finished warship, which both sides agreed would have given its owners control of a key Great Lakes frontier in the U.S.-Canada war of 1812 to 1814. In retaliation, the soldiers plundered properties—including the town's leading library—and burned the provincial parliament of Upper Canada, now Ontario.

What the war for control of Canada, and early Toronto's unhappy role in it, were sidebars to Europe's Napoleonic wars. But the town's battle-scarred fate was a wider struggle that stirred Canada's resolve to survive as a separate American nation—left a legacy that echoes 175 years later in the resourceful, ambitious but often

self-dacting metropolis that Toronto has become. Despite its dramatic change and growth over the years, Toronto is both the heartland of Canadian nationalism and a place that often strives to emulate cities in the United States. It is a self-described "city that works," which at the same time increasingly carries comparison with the world's great metropolitan centres.

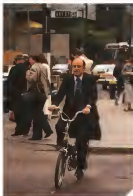
Toronto's inherited instinct to survive and prosper, and its counterpart of doubt, were reflected in the city's preparations for the three-day

June economic summit. Civic officers were demonstrably determined to make the most of what they described as a choice opportunity to promote Toronto as a world-class city—and as a worthy site for the 1994 Summer Olympic Games, which they court. Said Barbara Rastman, Toronto's director general on a joint provincial-municipal secretariat for the 14th annual summit: "We join the ranks of other great cities that have hosted summits."

Herein lies, unlike other major summit cities, Toronto's municipal officials and its business community mounted a major campaign to publicize the city's brief but unseasoned role in the international stage. That campaign included taking Toronto's story to the New York City news media, five weeks before the summit. Said Rastman afterward: "The New York bureau chiefs know nothing

about Toronto. They have never been here. I think we haven't blown our own horn enough."

Strength: There is, according to Toronto's Mayor Arthur Eggleton and to many others among the 3.7 million people who live in the city's entire metropolitan and suburban areas, plenty to warrant the heralding. "A lot of people have heard of Toronto but do not know much about it," says Eggleton. "There is a strong sense of tradition, of neighborhood life and family life here. It has a reputation as a safe and clean city. People here come from many nations, so it is rich culturally, and diversity is a strength."



Financial district intersection: prosperity and power

By those standards, and by more tangible measures, Toronto has achieved the rank of a major city-state. It remains for most of its residents—despite an overburdened economy that in general serves housing, traffic and waste disposal problems—both a comfortable and a stimulating place to live. Metropolitan Toronto, a pioneering 1963 union of six municipalities, now links 2.8 million residents through common systems of public transport, police and other utilities. Moreover, as it is known locally, is Canada's pre-eminent economic centre. Home to almost one in 12 Canadians, it contains one-seventh of Canada's workforce. It is the employment hub for four suburban municipal regions—linked to Metro Toronto by a network of Ontario-owned commuter trains—which themselves have gathered its population by more than one-fifth in the past year to more than 5 million. And it is the commercial focus of a largely white "Golden Horseshoe" that arcs prosperously around the western end of Lake Ontario.

But Toronto's success has also made it a city that is widely envied by other Canadians. And, despite its ranking among the world's major investment, financial and commercial centres—the Toronto Stock Exchange made seven places in the volume of trade three years ago—the city is widely unknown and unloved abroad, as Eggleton acknowledges. Says Montrealer Nick Auf der Maar, a municipal councillor and newspaper columnist whose lively city needs an introduction to the rest of the world, "Toronto's dynamism is in the financial pages, not the front page." (Gleaners Vancouver's Yuko Gabevas, a seasoned host of the Radio talk show "What's to say about Toronto?" It has more laughter outlets than any other city in Canada, and I think that is something to be proud of.")

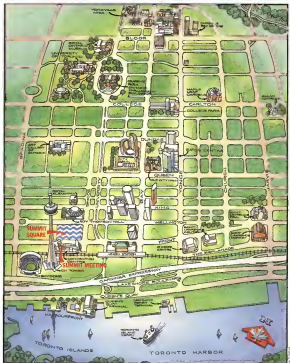
Barbar: Toronto has become accustomed to ridicule from other Canadians, although thousands of them move to the city every year. The barbs began as long ago as its founding in 1793 as a permanent settlement—on land purchased from the Mississauga Indians for \$1,700—and its designation three years later as the provincial capital. The satire became more biting after the capital's defeat in 1813. And criticism grew while irrepressible "ruddy York" gained prosperity and power until, in 1826, it was incorporated as the City of Toronto. Its designation as "Eggleton"—originally a reference to Toronto's primary as a processor and shipper of pork supplied by its farming hinterlands—has become a derogatory that means greed city. Because Toronto gained from federal import tariffs, and unlike Vancouver in her 1984 study Cities and the World of Nations, "actually it is hated by Canadians in the supply regions of the country," adds Jacob, a scholar of municipal development who was born in Scranton, Pa., and now lives in Toronto. "They call it Hagtown and see national tariff policies as being rigged to drive up their own costs at living for the benefit of Toronto. They are right, and yes Canada would be an extremely poor and backward country without tariff protection."

One result of the city's historical advantages under a high-tariff National Policy introduced a century ago has been an ongoing nationalism in Toronto. But the roots of the city's Canadianist attitudes may well be deeper—in the local bitterness engendered by the American attack on York in the spring of 1813 and a second bloodlet by plundering three months later. As the Toronto-based historian Donald Creighton wrote bluntly in *The Story of Canada* almost 150 years after the raids: "The pillage and destruction wrought by the Americans during their brief stay in the urban population settled beyond the United States."

Threat: Now, Toronto is the centre of opposition to the U.S.-Canada trade agreement that awaits ratification. Ontario Liberal Premier David Peterson—more than half of whose provincial constituency of 8.4 million lives within 75 km of the provincial legislature in Toronto—has attacked the agreement as a threat to Ontario's industry and to Canada's sovereignty.

Toronto's financial community suffered what it readily portrayed as another affront from Ottawa when the Conservative federal government of Prime Minister Brian Mulroney early last year designated Montreal as the Vancouver and Calgary centre of international trade with tax incentives to attract foreign business. Mulroney's decision a year ago to make Toronto the site of the economic summit was perceived by some in the host city as a gesture to offer amends to a Toronto-

TORONTO'S DOWNTOWN



electoral constituency that will choose more than one-fourth of the House of Commons in a federal election due in less than 15 months.

Issues As important as its electoral strength in politics is Toronto's financial power. The sector of that power—and its excesses—are stationed all around the staging place of the summit leaders in the Metropolitan Toronto Convention Centre, a 1984 construction in 5100 million worth of glass, concrete and furnishings. Before it rise the bank towers, a public concert hall named for the late international newspaper magnate Roy Thomson (the first Bruce Thomson of Fleet), the recently Edgewood Royal Alexandra Theatre owned by retail merchant Edwin (Hanes Ed) Mirvish, who six years ago bought and revived London's Old Vic theatre, and an adjacent block of "Ed's World-Famous Restaurants."

Behind the summit meeting place—"meeting place" is one translation of the Hebrew *ladan* used Toronto, after in "plein"—stands the CN Tower, a communications facility and tourist attraction, which on a clear day provides a long-range view across Lake Ontario to New York state. Beside it, under construction, is the SkyDome, a sliding-roof stadium with artificial lawn due for completion next year. All but a handful of the stadium's 66 preferred boxes have already been leased for 10-year terms at annual rental rates of \$105,000 to \$225,000 each. Those outlays buy first call on the 16 to 30 seats in each box at an additional charge per seat for each event, including the 81-game baseball season of Toronto's Blue Jays.

The SkyDome's top ten-leasing rate is just under the average retail price of a house in Metropolitan Toronto. At \$250,000 in May, the price has risen by 70 per cent in just two years. Rents have risen apace—the vacancy rate is negligible—while homelessness and hunger are growing problems. Help-wanted signs are everywhere. Toronto also faces a growing race-ethnic divide, despite its vaunted subway, bus and parking systems. And, partly because of the city's ordered closure (this fall of a garbage incinerator as an environmental protection measure, there is an imminent waste-disposal crisis).

Crisis The physical development of the city is also provoking new controversy. In the early 1970s, activist citizens and transparently helped Toronto to remake its image from a somewhat stuffy cosmopolitan devoted to growth into a lively, cosmopolitan city that cared about preserving downtown neighborhoods against motor traffic and a highway crisis. That crusade halted the partly built Spadina expressway before it sliced through older residential properties. And it inspired a plan to renovate the harbor front and turn it largely over to public use as a so-called people place. But, in recent years, property developers and speculators, backed by increasingly powerful lobbyists in city hall, have taken over stretches of the waterfront and built

high-rise condominium towers. Those actions have aroused critics who charge that city officials have neglected the people's interests in the name of progress.

Involved in that controversy are developers Michael Hwang and Boris Desnais. As the city's continuing controversy, in a city traditionally ruled by Anglo-Saxon power, is that the porters are of Chinese and Hong Kong origins—reflections of the revolutionary changes in the ethnic composition of Toronto's population during the past 40 years. And this year, both the City of Toronto Book Award and the Ontario Trillium Book Award went to Michael Ondaatje, 44, who was born in Sri Lanka and immigrated in 1962. His poetic novel, *The Englishman's Boy*, is based on the lives of earlier immigrants in Toronto during the 1920s and 1930s.

Curiosity The city's transformation by immigration is its major continuing story. In March, Toronto magazine proclaimed "Hed and Immigrants." Historically dominant were those whose Anglo-Saxon Protestant Toronto-the-good "now seems like a curiosity" in May, Toronto *Life* magazine's



Edgewood with schoolchildren: a sense of family

115,000 blacks—descendants of escaped American slaves and migrants from the Caribbean and Africa.

On a hot and sunny Sunday afternoon before the summer monsoon, adjacent narrow parks in west-central Toronto contained a succession of multicultural activity typical of the new city. From north to south is those parts an intercity baseball game that included visiting American players from the Nippon Prodigy, a soccer match between Korean and Vietnamese teams who bowed to each other before the starting whistle, a pickup football game among Chinese-Canadian, a game of Italian bocce—all of that to the accompaniment of a West Indian steel band beating out reggae music.

Nearly, on the wall of a white-painted corner store, was a spray-paint response to the city's postcard campaign to clean away graffiti—a relative rarity in Toronto before then. The response "Cancel the summit," and, in smaller letters: "Graffiti is people's art." The activities in the parks and the writing on the wall both were far away in memory and in spirit from the history that helped to shape Toronto but that might it despite two centuries of change—a lingering influence on Canada's major city.

—CARL HOGELINS with correspondent reports

UNABASHED BOOSTERISM

The opportunity seemed to be too good to pass up: as many as 4,000 members of the world's news media gathered in the same place at the same time. And for the arrival of those journalists in Toronto to cover the June 18-21 economic summit, Canada's largest city was determined to greet them with a blast of self-promotion. Much of the unabashed boosterism is intended to showcase Toronto as a world-class city, attract more tourism and business—and enhance Toronto's bid for the right to host the 1996 Summer Olympic Games. Said a May 9 communiqué issued by the Provincial/Municipal Secretariat for the 1988 Toronto Summit, the joint Ontario-Metropolitan Toronto organization co-ordinating the city's attempt to capture the media spotlight: "We have an important opportunity to convey a strong, positive and lasting image when Toronto is uppermost in the minds of international journalists."

Debut: The organizers clearly planned to present the city in its best light to all those attending the summit. Under a special \$50,000 program, clean-up teams were assigned five weeks before the summit to sweep up debris and remove graffiti and posters from city walls. The visitors receive free access to Toronto's transit system and free passes to attractions such as the CN Tower. A fashion show was prepared for the wives of dignitaries, featuring 13 of Ontario's top designers—all of them Toronto-based. But others were vying for attention: The Popular Summit Facilities Committee, for one, a coalition of almost 100 groups including the Metropolitan Toronto Labour Council and Toronto Disarmament Network, were planning to capitalize on the event by holding rallies and other events to publicize social concerns.

At the heart of the city's efforts to ease visiting journalists into a pro-Toronto frame of mind is Summit Square, the media hospitality centre. On June 1, construction crews moved into the parking lot on Front Street across from the Metropolitan Toronto Convention Centre—site of the meetings—to transform it in a mere 17 days into a six-acre fortified park for journalists. The plan called for a square complete with birch and pine trees, a waterfall, one live beaver in a cage, free refreshments, and broadcast facilities for foreign TV news.

Officials said that they wanted to provide journalists with a pleasant atmosphere.

Moose: "We are not meeting the moose-and-ouzo-ton impression here," said Walter Tedman, assistant to Toronto Mayor Artur Agatston. "We are just creating a nice, park-like setting." And they denied that the city's approach is overly commercialized. Said Agatston: "It is more of a soft sell—to create a greater awareness of Toronto."

That soft sell appeared to be far from the minds of some organizations. Foremost among them is the Toronto Olympic Organizing Committee, whose chairman, Paul Henderson, said that the summit would provide him with a captive audience. "The fact that the summit is here at all solves an enormous problem," said Henderson, also a member of the advisory board to the provincial/municipal secretariat. "You would be surprised at how many people do not know where Toronto is. We are trying to give the media a feeling of the overall vitality, strength and sophistication of the city."

To that end, visitors driving along the Lakeshore Gardway Expressway will see the electronic message "Toronto '88—meeting place for sparkling water" flashing on at least 18 billboards. A 100-foot-by-40-foot "Toronto '88" banner was prepared to adorn the skeletal frame of the SkyDome—the sliding-roof sports stadium originally scheduled to be completed next spring, although that date is now under review because of construction strikes in Toronto. And on Summit Square itself, the Olympic committee organized a booth from which Laurie Graham and Steve Padhorin would promote Toronto.

Beer: At Summit Square, journalists may drink, among other beverages, free beer with the compliments of Labatt Brewing Co. Ltd., one five-foot provided by Shoppy's, a division of Thomas J. Lipton Inc., and better to such Canadian national groups as Blue Boxes and The Canadian Brass. But as they make their way among the trees and waterfall, visitors also encounter signs and plaques that honor the 46 corporations—among them Noranda Inc., Imperial Oil and Canada's five major banks—who contributed to the square's officially estimated \$2-million cost.

Those signs have added to the problems of the city, officials say. They wanted to provide journalists with a pleasant atmosphere. "We are not meeting the moose-and-ouzo-ton impression here," said Walter Tedman, assistant to Toronto Mayor Artur Agatston. "We are just creating a nice, park-like setting." And they denied that the city's approach is overly commercialized. Said Agatston: "It is more of a soft sell—to create a greater awareness of Toronto."



Building Summit Square, Queen's Park garden (shown), free hotels

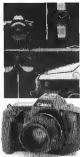


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'WIN A PORSCHE' CONTEST

In search of answers

Last week, Donald Cormie had to face the most intense questioning he has yet faced at the Code inquiry. Cormie, founder and chairman of Principal Group Ltd., is the star witness at the court-ordered hearings into the collapse of two Principal investment companies last summer. Testimony there was repeated at the public hearings in Edmonton, now in their sixth month. Cormie was visibly uncomfortable—flustered and sweating on several occasions—as he responded to a steady barrage from lawyer Robert White, who is representing investors who lost more than \$150 million. White suggested that Cormie hastened the demise of the two subsidiaries by burdening them with overvalued real estate assets from other Principal companies. Said White: "In suggesting these companies were differentially hit with junk and lie go."

Despite White's aggressive cross-examination, Cormie steadfastly maintained that he was not directly involved in the day-to-day operations of the two subsidiaries. Previous testimony from more than 100 witnesses depicted him as an absentee and secretive owner who was involved in even the most minute decisions made within his empire of more than 100 companies in dispatching that version of events, Cormie was again represented by lawyer Sherrill Wilkins Code for not answering questions directly. And the pressure on Cormie to answer fully is likely to continue. Code has been directed to report any evidence tending to show if fraud or other illegal acts were committed prior to the collapse of the two companies last June. Many of the holders of 67,000 investment contracts who lost money were unaffiliated savers who had entrusted their next steps to Principal. Six weeks later, the parent company, Principal Group Ltd., declared bankruptcy.

Last week, White posed repeated questions about the millions of dollars that had passed through a web of

Principal Group companies and into the hands of Cormie family members as loans. Much of the money was traced to County Investments Ltd., a company nominally owned by Cormie's secretary, Judith Halverson. At the end of last August, Cormie family members said County Investments



Cormie testifying in Edmonton; Code (bottom) the most intense questioning

\$67 million. White suggested that the Cormie sought to escape income tax by borrowing from what was, in theory, an arm's-length company that they did not control. He also suggested that they were accountable to no one but themselves for such transactions, which he described as "the three Cormies advising the three Cormies and taking millions of dollars for it and passing it up to the three Cormies." Cormie shot back by saying that family members were earning "millions of dollars from their talents for the group, not taking anything, earning it from their own talents and skills."

White also read three transcripts of Cormie's previous testimony and reviewed other evidence in an attempt to show that much of what Cormie said has been self-incriminating.

Last week, Cormie admitted that he

approved travel advances for most employees and budgets for salaries who exceeded spending limits. Cormie also said that he even allocated parking spaces and office keys for Principal executives. But he strongly denied that he alone had full access to confidential information about senior executives' salaries and bonuses. When White pointed to a memo signed by Cormie, stating that not even Principal's vice-president of finance should have access to the payroll figures, Cormie responded, "It doesn't matter what it said."

Cormie also denied that he abused the trust of investors in an attempt to shore up the two investment contract companies, which suffered heavy losses after the Alberta real estate market collapsed in 1992. Numerous investors have complained to the inquiry that they were the victims of so-called last-and-switch tactics by Principal. The investors thought they had purchased mutual funds or federally insured trust company deposits when, in fact, they had bought uninsured investment contracts. The two companies lost \$55 million in 1993, but Cormie also denied that an audited 1993 financial review, which painted a true picture of Principal's operations, was designed to mislead the public. Said Cormie: "This is not a deliberate concealment. This is a positive statement."

But for investigators trying to uncover the events that led to the collapse, Cormie's six weeks in the witness box have failed to provide all the answers they are seeking. Cormie is expected to finish his testimony this week, but the inquiry has yet to hear from government regulators responsible for overseeing Principal's operations. Code says that he expects the inquiry to continue until September. For aggrieved investors, it will be another long, hot—and agonizing—summer.

—JOHN BILLY with
JERILYN POWELL in
Edmonton

The Steinberg saga

Investors, employees and potential buyers were left in confusion. Only two weeks ago, the fate of Montreal-based Steinberg's was a vast supermarket operation seemed solid when officials announced that they would proceed ahead with plans to close 30 money-losing Quebec stores and then sell the supermarket chain. The announcement came soon after steered workers in the province refused to accept sweeping contract concessions. But last week, the Steinberg team took another turn when the company's directors said that they would consider plans to break up the company following a decision by its Ontario unit to accept a less severe package of concessions. Said James Leitch, president of Uniflex Canada Corp., a partner in Ocean Investments Inc., which made an earlier takeover bid for Steinberg and now owns more than five per cent of Steinberg shares: "We don't have any idea what the company is up to."

Last week's developments compounded the uncertainty that has dogged the company since members of the Montreal-based Steinberg family decided to put it on the auction block last January to resolve a 15-year feud. Employees at the firm's 357 Quebec and Ontario supermarkets say that they remain concerned about their future in light of Steinberg's threat to close the unprofitable Quebec supermarkets, putting an estimated 400 to 600 employees out of work. At the same time, Steinberg's grocery store competitors say that they do not know whether the company will decide to sell its Ontario supermarkets and keep its Quebec stores or whether it will follow through on its original plan to sell the entire chain. Meanwhile, the federal bureau of competition policy continues to monitor the bidding for the Steinberg food stores to ensure that corporate competition in an industry already dominated by large supermarket chains is not lessened further.

Investment analysts say that the recent refusal of the Quebec union to accept contract concessions could leave the Steinberg board with a weak hand in dealing with potential buyers. The board's original offer to sell all of its assets received only one response—a \$50-million bid by Toronto-based Oshco, which it was rejected. Steinberg subsequently decided to sell off only its food retailing operations. But after the March 25 deadline for offers expired, the company went back to the United



Shopping for groceries: no guarantees of labor peace

Food & Commercial Workers, which represents most of Steinberg grocery store employees, and asked its Quebec members to help make the firm profitable by accepting a sweeping list of concessions.

Steinberg's 12,000 Quebec workers rejected the demands, including wage roll-

backs of \$1 an hour—in an average of \$11.50—and guarantees of labor peace. Said Steven Hult, an investment analyst with the Toronto brokerage firm Midland Delaney Ltd.: "Any potential buyers know that Steinberg is between a rock and a hard place."

If Steinberg is broken up, it will likely be done by one of the other mighty players that already dominate the Canadian grocery business. Among the bidders are The Shoppers Group Ltd. and Loblaw Cos. Ltd. Buy Street analysts say that the Great Atlantic & Pacific Co. of Canada Ltd. (A&P) is also interested. And an alliance between Promco Inc. and Micro-Retailers Inc. could produce another offer, although a previous bid expired on May 16 without a response from the Steinberg board. But a sale to one of its huge competitors would likely be examined by federal regulators, who last year advised Canada Safeway Ltd. to sell 12 grocery stores that it had purchased in any event, the competition bureau, along with investors and workers alike, will now have to wait for the Steinberg's next move.

—JOHN DAVENET

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For irate bank customers, it was a moment of sweet vindication. In a scathing *Maclean's* report last week, the House of Commons standing committee on finance and economic affairs criticized chartered banks and similar institutions for their array of service charges that committee members said were too high, too numerous and too complex. Chaired by Tory backbencher Donald Binkham, the group has been studying the service-charge issue since last fall. Its far-reaching recommendations pleased consumers but stunned the banks. Among other conclusions, the report declared that the government should charge the Bank Act to include unprecedented curbs on bank service fees.

The committee said that the existing Bank Act contains little protection for consumers. And to underscore that resolve, the same proposals were contained in a private member's bill, which another Tory committee member, MP Paul McCrossin, tabled in the Commons last week. According to the report, Canada's banks levied about \$50 million in service charges on consumers last year. According to a best-guess paper prepared for the committee, they include an average service charge of \$14 for writing a bad cheque, a \$1 fee for paying a utility bill and a \$1 monthly charge for accounts whose balances fall below a minimum amount.

To remedy that situation, the committee proposed that banks establish free basic bank accounts. As well, the banks would have to announce any changes in service fees at least 30 days in advance. Under current law, banks must notify customers of service charges, but there are few rules defining when and how the notice must be given.

The banking community reacted quickly and with anger. Although most bankers agreed with the committee's recommendations about extended notice periods for new charges and disclosure of changes in existing charges, they soundly rejected the MPs' interventionist approach on fee levels. The suggestion that some basic services be offered free of charge evidently ruffled most of all. Said Robert Korthals, president of the Toronto-Dominion Bank: "The big worry we have with the bill is that it gets into market mechanisms for pricing at a bad time for our industry."

Bank income from service charges has increased by an average of 18.6 per cent a year since 1982. But, in their own defence, bank officials say that the cost of providing banking services is on the increase. And Robert Macintosh, president of the Canadian Bankers' Association, was more adamant in his disagreement. Macintosh dismissed the report, calling it political maneuvering. "It satisfies some politicians who are having trouble holding their seats."

Feeling in light the bill, Macintosh referred to a study prepared for his organization by a Toronto consulting firm which showed that the service fees charged by the country's big banks were generally in line or lower than those of the major trust companies, credit unions and U.S. banks.

Although Binkham said that he had read the bankers' association study, he decried allegations that the banks have been sued out. He said that the term "bank" loosely refers to all deposit-taking financial institutions. And because 77 per cent of

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Canada's trust companies and credit unions are federally regulated, Binkham said that the new rules would be applied to their operations as well.

Thomas Flodds, minister of state for finance, is reviewing the committee's recommendations and will likely introduce his own bank legislation by July. But the banks are unlikely to feel the full impact of the Binkham report. The government official said that the legislation would probably only curtail previous regulations regarding notification of service fee changes and an ombudsman to handle customer complaints. There would be no direct regulation of fee levels. Read the official: "It is not the Tory government's place to wander into the area of telling banks what services to offer and for how much." That social-interventionist philosophy should ease the banks' fears, but for consumers

bank charges will likely remain as inevitable as death and taxes.

—THERESA TEEGRO in Ottawa.



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Breaking up Texaco

The bitter war for control of White Plains, N.Y.-based Texaco Inc. spread into Canada last week. The terms of a hostile takeover attempt by corporate raider Carl Icahn, Texaco officials announced that they are considering the sale of at least part—and possibly all—of their Canadian subsidiary, Texaco Canada Inc. Company spokesmen have said in the past that they consider the Canadian operation a long-term investment, but such a sale could set the parent company \$34 billion—cash that it badly needs to oppose Icahn. The battle will reach a climax this week at Texaco Inc.'s annual meeting, where analysts say that Icahn plans a proxy fight to put five directors onto Texaco's 11-member board. But, whatever the outcome, the composition of the ownership of Texaco Canada Inc. will likely change. Reid Rosario Haroun, analyst at Nikkei Securities International in New York City. "What happens to Texaco's Canadian holdings is the issue in this battle."

New York-based Icahn, who is Texaco's largest shareholder with 14.8 per cent, has asked the company's board of directors to put his offer of about \$74 a share to a stockholder vote. To help



Icahn, battling with a hostile board

Finance No. 8118-Miller bid, Icahn said that he would likely sell Texaco Canada Inc. Undeterred by a scathing response from Texaco management, including accusations that the bid was unrealistic, Icahn launched the proxy fight late last month. The board, according to Icahn, has not done enough to enhance the value of Texaco's shares. The stock had been badly depressed for several months after the company filed for bankruptcy in April, 1987.

Texaco officials have embarked on their own restructuring program by selling off at least \$6 billion worth of assets. And the company has budgeted at least \$2 billion for a share buy-back program and a possible special cash distribution to shareholders.

The board's move to put more money into shareholders' hands may well undercut Icahn's ambitions but, which, if successful, would be the largest in history. But no matter which side wins, at least a partial Canadian sale now seems inevitable. Analysts say that few, if any, Canadian jobs would be lost as a result of such a sale, but for the employees of Texaco Canada, the future is likely to remain cloudy until the battle sours of the board has ended.

—PATRICIA CROMBIE with DAVID LINDENBERG in New York City



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A TASTE OF THE ISLANDS.

BUSINESS WATCH

Borrowers and lenders in crisis

By Peter C. Newman

The time bomb that threatens to blow apart Toronto's economic expansion is inflation or, more specifically, the impact of high interest rates on Third World debt. Although that scenario, let alone the problem, has been touted as a highlight of the visiting prime ministers' agendas, its solution defies not only their collective wisdom but the laws of economics as well. While the industrialized nations continue to bask in a period of prolonged prosperity, the welfare of the international financial system is seriously threatened by the \$3.5 trillion in unsolved loans to the developing countries. Only relatively stable interest rates have allowed the crisis to remain even vaguely manageable over the past three years. Any reversal of substantial inflationary pressures—now part of every current economic forecast—would send the world's banking system into a tailspin. The real problem is that about three-quarters of the Third World debt to commercial banks is at floating interest rates. Even minor upward fluctuations would wreck havoc.

Although 121 countries owe the banks money, the largest debtor by far (\$18 billion) is Brazil. That obligation is viewed as the most volatile of the lot because, on Feb. 23, 1985, Brazilian President José Sarney suspended all interest payments. He has made few conciliatory gestures since. Third World countries owe Canadian banks \$2.8 billion. In the case of the Montreal, Scotia and National, the amount of these loans exceeds the banks' net worth equity. The Big Six have so far put away \$9 billion against possible losses, with the Royal, Montreal and Commerce each owed more than \$300 million in overdue interest payments from Brazil alone.

The Brazilian economic system is complicated enough; the country's policies almost guarantee that even if the goodwill that has been tending in the country's international dealings were restored, the loans will never be repaid. For one thing, Brazil's domestic inflation rate has been among the world's highest, reaching triple-digit figures during five of the past 10 years. The monthly increase in the 1985 Brazilian consumer price index went as high as a dizzy 1,500 per cent on an annualized basis. Current rates are up by a staggering 454 per cent over last year. Wage indexation laws, provide for the government's own employees to receive

pay increases every month as compensation for rising prices, but when the finance ministry tried to stop that endless spiral in 1986, the Brazilian military ministers quickly moved in to block such reforms.

Most of the debtor nations are caught in a vicious cycle. Their interest payments on old debts dramatically multiply budgetary deficits, often absorbing as much as a quarter of their gross national products. That fact in-

creases every month as compensation for rising prices, but when the finance ministry tried to stop that endless spiral in 1986, the Brazilian military ministers quickly moved in to block such reforms.

At a time when it should be trying to restore international confidence, the country's constitutional congress has passed a measure seeking to nationalize foreign-owned mining companies (including the Brazilian holdings of Inco and Bracem) and limiting the rights of outsiders to explore for oil. Despite such costly tactics, Sarney is not a strong leader, and the country's constitutional assembly has recently extended his term into 1988, when direct presidential elections are scheduled. Most of the economy's troubles are a hangover from the military regime that ruled Brazil from 1964 to 1984, using overseas borrowings to finance its country's overly ambitious industrialization.

The first phase of the banking community's efforts to deal with the burden of Third World debt, now threatening their own liquidity, was in extended repayment of principal loans from the original three or four years to 20 years or even more. That turned out to be little more than a holding action. "The next phase," said Royal Bank chairman Allan Taylor, who has become a leading spokesman on the issue, "is to see the debtor nations return to orderliness so that renewed economic activity permits the comfortable servicing of outstanding debts. There must be significant new, long-term lending, granted under conditions of sensible oversight policies being adopted by the borrowers, put in place on a case-by-case basis."

What Taylor and other bankers resent is the notion being pushed by some debtor nations that, well, it's too bad it is to happen, but why don't we just write off these bothersome debts and start all over again? "Forgiveness does take place in commercial banking," Taylor said, "but it marks the end, not the beginning, of a relationship. It is an act of debtors' grace for a lender to have a customer, and vice versa. It closes the door to future involvement."

Unless the Toronto summit produces some miraculous formula that has so far eluded every Third World debt crisis expert, forgiveness may be the only long-term option for banks alike. And how the world's economic equilibrium would survive that shock wave is anybody's guess.



Sarney: few conciliatory gestures since.

fation, dramatically reduces per capita incomes and cuts production and exports in the long term, so that most of these economies are probed on a slippery slope with not much hope of rescue. Brazil, for one, needs an annual \$10 billion just to pay the interest on its debts and yet it cannot borrow more to stimulate international investment (and, as a result, domestic production and investment) that might follow unless it repays the outstanding loans. During 1985, Brazil's economic growth fell to



Fighting a losing battle

As Americans begin the countdown to the November presidential election, most polls show that congressional candidates cannot afford to ignore voters' growing anger and frustration with the nation's losing battle against illicit drugs. President Ronald Reagan's so-called war on drugs is costing U.S. taxpayers between \$10 billion and \$14 billion each year. But drug-related crime remains endemic in U.S. cities, courts are backed up with drug cases and the campaign has failed to stem the flow of billions of dollars into traffickers' pockets. As the candidates scramble to take even-tougher positions on U.S. antidrug policies at home and abroad, however, some critics of the Reagan administration's strategy have taken a reformist stand. Their proposal: that the government make most—or even all—drugs legal.

Although there are many often-conflicting opinions on how legislation would work, its proponents share two fundamental convictions: that the policy of prohibition is false since the Harrison Narcotics Act of 1914 has

failed, and that existing drug laws are even more damaging to U.S. society than the drugs themselves. Attempts to prohibit drugs, they say, have been both counterproductive and enormously expensive. Baltimore Mayor Kurt Schmoke first raised the legislation issue last April when he called for a national debate on the subject. But some politicians—especially those facing a hill vote—have rejected proposals to legalize such drugs as marijuana, cocaine and heroin. New York Republican Senator Alfonse D'Amaio, for one, said that such a step would turn Americans into a "society of zombies."

Proponents of legalization, however, including conservative Nobel Prize-winning economist Milton Friedman, contend that the harm drugs do to society stems predominantly from the fact that they are illegal. Unlike the last major discussion about legislation, in the 1970s when its advocates argued that such drugs as marijuana were less dangerous than alcohol, most supporters now focus on the serious

economic consequences that are generated by epidemic drug use. These opponents note that drug-related problems cost U.S. workers at least \$40 billion in lost earnings in 1983 alone. And they add that even strict enforcement of drug laws has done little to ease these losses. Saul Shinn, Neuchâtel, assistant professor of politics and public affairs at Princeton University, "intensive crackdown in urban neighborhoods, like intensive antismock effort, do little more than chase the menace a short distance away to infect new areas."

Federal Bureau of Investigation figures show that, in 1986, 824,000 drug arrests were made by state, county and city drug-enforcement officials alone. And public officials acknowledge that the sheer number of arrests has crippled the U.S. court system and overwhelmed prisons. Still, even liberal Democratic Senator John Kerry of Massachusetts, who has led opposition to the Reagan administration's drug policies, says that he is opposed to legalization, as the grounds that the government has not begun to exhaust alternatives to that proposal.

During the past 15 years, Canadian researchers and policy makers have followed a more moderate course. The 1978 royal commission on the economic use of drugs, headed by Gerald Le



RCMP with evidence after \$100-million drug seizure in Windsor, Ont., April 1987

Dain, now a justice of the Supreme Court of Canada, concluded that alcohol posed a more serious threat to Canadians than illicit drugs, and that harsh drug laws were more damaging than the drugs themselves. The government of the day, under Liberal

Prime Minister Pierre Trudeau, did not act on the commission's recommendation that jail sentences should not be imposed for simple possession of marijuana and hashish.

Still, experts credit the commission with charting a liberal course for the

antidrug effort in Canada, in part by persuading judges to impose more lenient sentences. And Dr. Patricia Brooker, head of drug policy research at the Toronto-based Ontario Addiction Research Foundation, "We have emphasized a variety of strategies, including preventive efforts to educate and persuade people not to turn themselves into drugs." There is evidence that these strategies are paying off. A 1987 survey in Ontario, the only province that systematically sweeps drug use among students, showed that marijuana and hashish use among high-school students had dropped to 1.59 per cent in 1987 from 36.7 per cent in 1979.

Many Americans, too, now argue that education—not prohibition—may be the best long-term hope for a solution to that nation's drug problems. At the same time, others are demanding even stiffer penalties for drug users and dealers, as well as increased police and military intervention. But for its advocates, legalization is not simply one alternative approach to the war on drugs. It is the aftermath of a battle that now appears to be lost. It may prove to be the only answer to a crisis that the nation can no longer afford.

—JAN FINKELMAN with LAUREY BLACK in New York City

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Russia's living faith

More than 600 leaders of the Russian Orthodox Church and foreign church dignitaries endured 38°C temperatures in Moscow last week as they attended an elaborate mass celebrating the 1,000th anniversary of Christianity in Russia. That June 8 ceremony beneath the soaring

dome of the Patriarchal Cathedral of the Epiphany illustrated the remarkable durability of a church that claims at least 50 million worshippers across the Soviet Union—a state that is officially atheist. And church-state relations appear to be improving under General Secretary Mikhail Gorbachev.

For one thing, the Kremlin marked the millennium celebrations by restoring the church's right to use services of the Kiev Monastery of the Caves, a site that is one of Russian Orthodoxy's holiest shrines.

The 11th-century monastery overlooks the riverfront site where Prince Vladimir of Kiev ordered mass baptisms of his subjects in AD 988. But, despite the monastery's partial return to church control, some critics say that there has been only a slight relaxation of the state's attempts to repress religion. Across the Soviet Union, in fact, only 7,000 of the 70,000 Russian Orthodox churches that flourished during czarist times are still open for religious services. At the same time, an upsurge in events that is ripe with the possibility of discord underscored the turbulent history of Russian Orthodoxy. Next month, church leaders plan to travel to Poland where they will begin discussions with Vatican representatives on the future of as many as five million Ukrainian Catholics—Soviet citizens who form the largest underground church in the Soviet Union.

At issue is a quest for official reinstatement of that church within the Soviet Union—a state recognition that would reverse the forcible integration of Ukrainian Catholics and Russian Orthodoxy imposed by Soviet dictator Josef Stalin in 1946. Ukrainian Catholics, like Russian Orthodox followers, are members of the Eastern Rite—a branch of Christianity that uses the Byzantine liturgy and allows its priests to marry. But, unlike Russian Orthodox followers, Ukrainian Catholics submit to papal authority. Pope John Paul II supports the Ukrainian Catholic pursuit of reinstatement. And as Vatican secretary of state Cardinal Agostino Casaroli arrived in Moscow to attend the celebrations, Russian Orthodox spokesmen said that the Vatican's endorsement could strain relations between Orthodox and Russian Catholic leaders.

Meanwhile, recent Soviet media coverage has whetted public interest in some of the legendary figures who flourished during the conversion from paganism. One of them, a tribal queen named Olga the Good, became a Christian in AD 955. But she received her nickname for such grimly imaginative acts as the live burial of 20 pagan envoys from a neighboring tribe. Olga's deeds are part of the colorful and frequently bloodstained pages of Russian history. So too is one faith that she embraced. And no church holds more sacred her memory than the Russian Orthodox. It is still a vital part of life within the Soviet Union.

—MARTHA GRAY with ANTHONY WILSON-BUTTS in Moscow

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Sleuths and criminals

For most readers of crime fiction, plot often plays second fiddle to the sleuth. While the story's ingredients may be temporarily dazing, the details rapidly fade. What sticks in the memory and brings the reader back for more is the appeal of the main player—characters such as Agatha Christie's eccentric Hercule Poirot, Robert B Parker's macho Spenser and Eric Wright's humane Charlie Sutter. And in this season's crop of crime novels, an astonishingly vivid group of gonzoists and police investigators from England's Yorkshire Dales to Toronto's business district join the ranks of established crime-fiction heroes.

Toronto writer John Brady's first novel, *A Show of the Heart* (Collier), is a masterfully crafted work of plot, atmosphere and, especially, characterization. His protagonist, Matt Minsoga, is a Dublin police sergeant whose sensitivity keeps getting in his way. When a student is found dead on the grounds of Dublin's ancient Trinity College, Minsoga investigates several possibilities: suicide, drugs and a prank gone

wrong. His inquiries eventually lead him deep into an FBI plot that almost claims his own life. Minsoga's police colleagues—hardened men—use brutal methods to deal with terrorists, but the sergeant takes a more balanced and reasoned approach. He solves the

This season's crop of crime novels introduces an astonishingly vivid group of gumshoes and police investigators

crime, but, for all its pace and concern, another innocent victim dies.

Brady, born in Dublin and a graduate of Trinity, evokes the city and college in all their Old World charms and contemporary disfigurements. But his finest achievement is the evolution of his central character. In style and temperament, Minsoga—thoughtful, clear-eyed and perhaps too sensitive—resembles

Irish Adam Dalglough, the hero created by British crime writer P. D. James. Clearly, Minsoga is a full-blooded character built for the long haul of a series.

Like Brady, Peter Robinson is a Torontoian who uses his birthplace—in his case, Yorkshire—for the settings of his mysteries. *A Dedicated Man* (Penguin) is Robinson's second novel featuring Det. Insp. Adam Banks, a wiry Irishman who makes up in brains and poise what he lacks in brawn. The victim is Banks's latest adversary is a wealthy academic, whose body turns up on the Yorkshire Dales. To sort out the puzzle, Banks must uncover a decade's worth of ruses from the dead man's eclectic group of friends. The book is slowed by its garrulousness; too few ideas are thrashed over too many conversations. Still, Banks emerges as an engaging character. And even if his methods are sometimes tellingly painstaking, they lead to a satisfying payoff.

In *Murder Behind Locked Doors* (Penguin), British Columbia author Ellen Godfrey has created an appealingly klutzy heroine. Jess Treger is a headhunter for a Toronto employment agency whose current assignment is to find a replacement for a software executive found strangled in his company's locked computer room. Instead, Treger finds

himself in the role of death, trying to determine which of the top bosses killed her.

Godfrey keeps the plot moving at a lively pace, but the strongest element of the story is the heroine herself. Treger is a winning bundle of self-doubts—bemoaning her wretched skills in the kitchen, fretting about her looks and her inactive sex life. And while her investigative methods may be amateurish, she is more savvy than her police counterparts and just as resourceful at figuring the killer.

Freshly Deadly (Fitzhenry & Whiteside) exhibits all the trademarks that have helped to make its author, Elmore Leonard, America's best master of crime fiction: a gripping plot, a dead-on ear for dialogue and an assortment of off-the-wall characters. The locale is Detroit, although the story takes place in a weird territory that his readers recognize as Hamtramck.

Ronan and Skip are a pair of 1960s student radicals who have served time in prison for blowing up government buildings. Now, they are back on the street and bent to turn their talents with bombs to an extortion plot. They



Leonard's keen ear for the quirks of street language

target is Woody Ricks, a Detroit citizen who is rich, often drunk and certifiably crazy. But two other characters with an eye on Woody's millions get in the way of the bomb plot. One is Dorell, an ex-Black Panther who serves as Woody's

assistant, and the other is Chino, who may or may not be on suspension from his job on the police department's bomb squad.

Leonard unleashes these five characters, along with several other petty criminals, in a story that seems largely driven by their sheer eccentricity. No one character emerges as the good guy who pulls events into focus—a departure for Leonard—and the plot becomes consequently convoluted. Ronan and Skip, Dorell, Chino and the rest differ mainly in the degree of their desire to cut a shady deal. Still, if the characters are loose musically, Leonard makes them highly entertaining company. No one writes dialogue with Leonard's ear for the quirks of street language, and the book opens along with the same wild and crazy mood as the 1960s drama of his title. Like the best of this summer's crime fiction, Freshly Deadly offers an escape to a world where old places wear new faces—and the inhabitants, whether eerily oddball or reassuringly familiar, make it worth the trip.

—JACK BAYLEN



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Open for business—but no sale

By George Bain

Robert Maxwell, the Canadian-born publisher of *Newsweek* and *the Daily Mirror*, the London tabloid, has talked recently about being hot on Canada. He already has a one-quarter share of the new English-language newspaper the *Montreal Daily News* and a piece of Desnoes Inc., a book and periodical company. In both of those he is joined with Pierre Peladeau, of Quebecor Inc., who also publishes tabloids in Montreal, Quebec City and Winnipeg.

Maxwell has said that he intends to invest large sums of money in Canada—perhaps as much as \$1 billion. Not all of that necessarily will be in publishing. The interests of Maxwell Communications Corp., which had worldwide revenues last year of just over \$2 billion, are broader than that. But communications would be the main field, and the investment, whether in existing or new enterprises, necessarily would be in company with Canadians. The question is whether Maxwell, who seems to like to run things, would be happy for long confined to a primary position by Canadian law on media ownership.

Maxwell himself put lightly touched on the question when he said at a news conference in London last month that he respected Canadian law but thought the medium of media ownership too strict. To that, he added as observation to cause the blood to run cold in the executive offices of interestentially-minded Canadian media companies—assuming that blood there ever runs any other way—namely, that if Canadians are to have the right to acquire companies in England or in America, they cannot have discriminatory laws the other way around. That kind of talk, suggesting that exclusion serves exclusive, may be disquieting to news men with large investments abroad and looking for more.

In 1985, Ottawa was in a bind to know what to do about the acquisition by the U.S. conglomerate Gulf & Western Inc. of the book publisher Prentice-Hall Canada Ltd. Along with U.S. Prentice-Hall went its Canadian subsidiary. These facts made life miserable for the Canadian government. First, it recently had proclaimed a policy that said that any Canadian book publishing firm acquired by foreigners would have to be sold to Canadians within two years. Second, the Prentice-Hall sale violated the policy by a few weeks, but for every Ca-

nadian who accepted that the policy therefore did not apply, there were two probably who believed that it was being circumvented. And finally, to force Gulf & Western to sell Canadian Prentice-Hall by what might seem in the United States to be retroactive action would not seem well with another new policy—much Malreux proclaimed in New York City in the words "Canada is open for business again."

Eventually, in March, 1986, a compromise was reached ("Ottawa drives a soft bargain," declared the *nationalist Toronto Star*) that was more or less satisfactory to more or less everybody. But, believe that, one who had advised against joining Gulf & Western—that in a "personal and confidential" letter that subsequently leaked—was Allan Gotlieb, Canadian ambassador in Washington. In the letter, to Sinclair Stevens, then-minister of regional industrial ac-

The depiction of Canada as the endangered Little Orphan Annie of a rapacious world still goes down surprisingly well

tion, he also said that Gulf & Western would resort to a "searched cart" policy—never explained—if forced to give up Prentice-Hall. Another who made the same argument—first in a Nov. 13, 1985, telephone conversation with Charles McMillan, then-senior policy adviser to the Prime Minister, and later, at McMillan's invitation, in a letter for the Prime Minister's eyes—was John A. Tary, president of The Thomson Corp. Ltd., who clearly had thoughts on what scorched earth might mean.

Along with several newspaper arguments against interfering in Gulf & Western/Prentice-Hall, including the one about the apparent conflict between that and a policy welcoming new investment, they acknowledged a direct Thomson interest. As "The Montreal *Star* wrote of U.S. publishing businesses," the company wanted to persuade the government not to take a "poorly thought out, counterproductive and discriminatory" action that "could lead to retaliation against Canadian owners of U.S. publishing businesses." (Copies of a memorandum McMillan wrote for his own file, and of the Tary letter, came to me unclassified.)

The latest count of Thomson daffies in the United States is 115. (When *The Thomson Empire*, by Susan Goldenberg, was published in 1984, the total was 98.) But the newspapers, while scarcely small potatoes, are only a corner of Thomson's publishing empire in the United States. In the Goldenberg tally, it included, along with an amazing array of sports-interest magazines—ranging from the stately *American Bowler* through *Goodbody Literature News* to *Two-Way Radio Dealer*—Van Nostrand Reinhold Inc., New York City, and Wadsworth Inc., San Francisco, both of whom are publishers of college textbooks, other educational materials and professional and reference books. If there was such that the administration could be persuaded to search, the Thomson organization was standing on quite a bit of it.

Conrad Black of Hollinger Inc. is best-known as a publisher abroad for his having bought control of *The Daily Telegraph*, the biggest of London's quality dailies, and a more recent interest in *The Spectator*, the opines weekly. However, American Publishing Co., a U.S. subsidiary, has just together just since December, 1986, a tidy package of 44 dailies in northeastern and central states—responsible for a substantial portion of Hollinger's 1987 U.S. revenues of \$42 million. *The Toronto Star* is at book publishing in a big way in the United States, via Harcourt Enterprises Ltd. *The Toronto Star* has been, and may be again, in daily newspaper publishing there.

None of this is to argue that Canada needs to back off in haste—or at all—from a policy of keeping Canadian media Canadian-owned—although arguments do not spring lightly to mind to make a persuasive case that *The Times* of London is less English because a Canadian, Lord Thomson of Fleet, owned it, and it is now owned by the British-born-become-American Rupert Murdoch, or that the *Telegraph* is different in character since Conrad Black took it over. What it is to say is that we have once too much out in the world to go on with the "good trade off" for fundamental in the delicate dealings of returned Canadians. It won't wash any more. The depiction of Canada as the endlessly endangered Little Orphan Annie of a rapacious entrepreneurial world still goes down surprisingly well or better, but has begun to stir skepticism with well-founded skepticism.



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The baking of the planet

During the past century, average global temperatures have gradually increased by about 0.5°C. Some scientists speculate that natural climatic rhythms have eased the warming trend and that the planet will eventually become cooler. But most climatologists—including Henry Hengswold, a Toronto-based adviser to Environment Canada's Canadian Climate Centre—now argue that the reverse is likely. In fact, Hengswold and other experts predict that global temperatures will rise even more quickly over the next 40 years—by as much as another 5°C. They base their argument on the so-called greenhouse effect, a theory that holds that gases produced by industrial activity are accumulating in the Earth's atmosphere and trapping heat. And, according to Hengswold, there is now evidence to bolster the theory: scientists have established that last year was the warmest on record—and that in the 107 years for which records exist, the four warmest years all occurred after 1960. Said Hengswold, "Something appears to be happening here that is unusual."



Hengswold, next, and the burning issue

As a result, scientists around the world are expressing renewed concern about the potentially catastrophic consequences of the greenhouse effect—and are mounting efforts to halt it. According to the theory, carbon dioxide, a gas produced by the burning of such fossil fuels as oil and coal, and the emissions of chlorine-based gases known as chlorofluorocarbons (CFCs), which are found in aerosol sprays and refrigerators, act like panes of glass in a greenhouse—allowing solar radiation to penetrate the Earth's atmosphere but preventing heat from escaping back into space.

Recent Canadian government studies suggest that if the warming trend remains unchecked, by the year 2030 the oceans would expand, causing permanent flooding in such vulnerable coastal cities as Charlottetown. At the same time, increased evaporation from the Great Lakes would dramatically lower water levels, forcing shippers to decrease their loads and increasing their costs by about 30 per cent.

In an attempt to avert such disastrous events, scientists and politicians from 31 countries are gathering for a four-day conference in Toronto later this month. Their objective: to seek strategies for addressing such problems as climatic change and ozone depletion. It follows an earlier effort—at a Montreal conference last September—to reduce CFC emissions. Scientists also link these gases to a decrease in the Earth's ozone layer, an atmospheric shield of bluish gas that protects the planet from more than 90 per cent of the sun's dangerous ultraviolet rays—which have the potential to destroy all life on Earth. Representatives from 24 countries—including Canada—signed a treaty in Montreal that committed the world's industrialized nations to reduce the use of CFCs by 50 per cent by 2005. And, on June 2, the federal government announced that it would initiate regulations that would go beyond the terms of the treaty by banning all CFCs except such essential ones as those used in aerosols that propel medications.

Even in the unlikely event of immediate and massive cutbacks in the burning of fossil fuels, climatologists say that global temperatures are still almost certain to rise by a further 1.9°C by the year 2030. That is because the world's oceans store heat for long periods of time. Said Hengswold, "The risks are great enough that we cannot wait to act." Still, he added that he was encouraged by the increasingly serious attitude of both scientists and politicians to the theory—and also implications—of the greenhouse effect.

—VICTOR DRYER

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One of the elderly from *A House Divided*: stress and caring for seniors

VIDEO

Tarnished golden years

Known by locals as "the cat man," Jack Haggins, 62, lives alone with more than two dozen felines in the Toronto house where he was born and raised. He spends his days scavenging his Beaufort neighborhood for more junk to crowd his already cluttered residence. Jack is the subject of *Mr. Nobody*, the first of a groundbreaking, three-part documentary series on the aged created by the National Film Board. Available in video from NFPA regional outlets in major cities across Canada, *Mr. Nobody* and the series' second offering, *A House Divided* (the third film begins production this summer), both focus on the difficulties of caring for elderly people. Director Lyn Wright, who began work on the series two years ago, says that there was almost no material available when she began her research. Added Wright: "It seems the films are breaking the silence surrounding this issue."

Getting older has meant increasing self-neglect for Jack Haggins, who was 45 when Wright made *Mr. Nobody*. Although he involves himself as he can, Jack has difficulty looking after himself—his house has no hot water, and his legs are disfigured with open sores because of his untreated diabetes. *Mr. Nobody*, which recently won an award at the American Film Festival in New York City, traces Jack's struggle after his house is declared a public health hazard. He describes how he was forcefully hospitalized and deemed mentally and financially incompetent. Later,

after he returns home, Jack tells a psychiatrist, "Now, I'm getting treated as if I'm Mr. Nobody, just Mr. Nobody out on the street." Using community agencies, Jack displays surprising resourcefulness in his efforts to regain his independence. And, despite the elder man's shocking living conditions, the film treats his struggle with compassion and humor.

While Jack's troubles stem partly from his solitary existence, elderly people who live with their younger relatives can encounter a more disturbing kind of conflict. *A House Divided* offers several examples of abuse of the elderly by family members. The ailing *Blacklens*, who are in their early 30s, have put their life savings into a house with their daughter and her husband. When the son-in-law begins to verbally abuse them, the *Blacklens* are forced to undergo a painful court case to regain their investment in the house. Another sequence focuses on Maggie, 73, a frail woman who endures repeated beatings from her 33-year-old alcoholic son. Explaining why she allowed the violence to continue, she says, "We're the only family I've got."

A House Divided illustrates a great deal about abuse of the elderly—perhaps too much. In the end, by shifting to a Chinese immigrant in San Francisco and that city's successful services for the elderly, the film becomes dispirited. Still, like *Mr. Nobody*, it powerfully exposes a social problem that can only continue to grow as the population ages.

—CLAIRE FRASER



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ARCHEOLOGY

Ghosts from the past

Timothy Potter, a curator at the British Museum, said that he had never seen its equal. Declared London archaeologist Harvey Skelton: "It's simply the most fantastic thing I've ever seen." The sight of their excavations: the well-preserved remains of a timber warehouse, about 15 by 35 feet, built during the Roman occupation of Britain, probably in the second century AD. Added Potter, an international authority on British-Roman ruins: "It offers an exceptional chance of answering a lot of long-puzzled questions." Skelton, who led the Museum of London team of

cent years that they say will provide valuable keys to the past. But their discoveries are conflicting with modern priorities—and are squeezing budgets available for excavation.

English Heritage, Britain's major funding body for archaeological excavation, had already advanced \$100,000 for the warehouse project and has committed an additional \$170,000 for post-excavation work. Skelton had asked for another \$60,000, which he said was needed to complete the work, but he was turned down. Said English Heritage spokesman Victor Belcher: "There comes a point



Archaeologist John Dillon with Roman remains: an ancient object of excitement

archaeologists who uncovered the structure on the south bank of the Thames in the London borough of Southwark, added that its discovery represents the first clear indication that the city was not merely a Roman fort but, in fact, was an international trading centre.

Still, until recently the structure seemed destined to be buried under a housing project initiated by the Southwark council. In fact, contractors were scheduled to begin preparing the site on May 16, but when *The Times* published an article on May 11 about the discovery of the warehouse remains, the council changed its plans. A spokesman said that the decision followed a budget review and added that the fact that it coincided with the *Times* article was merely "fortuitous." But the last-ditch diversion of the bulldozers underscored a growing dilemma in Britain: Recently, the country's archaeologists seem to be on a hot streak, uncovering many sev-

where we have to say that there are other demands on our resources."

Preliminary findings indicate that the warehouse was constructed by skilled carpenters who used marine-and-timber joints—joining bits of wood fitted into corresponding holes—to piece together the walls and floors. Eventually, said Laura Schaaf, a Museum of London spokesman, "we hope to raise the money to have the timbers properly preserved and reconstructed for display in some suitable place." Meanwhile, team members plan to lift out the timbers, then place them into tanks of water to prevent their drying out. And Schaaf said that she and her colleagues hope Southwark's change of plans will at least give them the time to complete that part of what they want to become a long-range project.

—NADY HATHORN with CAROL KENNEDY in London

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Intrigue in paradise

THE PARADISE EATER

By John Reuben Saul
(Random House, 270 pages, \$22.95)

WINTER PALACE

By Dennis Jones
(Shodart, 315 pages, \$19.95)

They are permanent expatriates, forever on the run in exotic lands.

They speak foreign languages without any trace of an accent. They cross class sheets and a good night's sleep, but they stay deeper into danger and intrigue against their better judgment. They discover dark secrets about corrupt regimes. They are pursued by fascist assassins in crowded streets. And they reflect their loneliness in episodes of quick sex with irresistible strangers. They are the protagonists of what could be called the expatriate thriller—one of the most commercial staples of popular fiction. Most certainly the hero is a spy, as in *Winter Palace* by Dennis Jones. Sometimes he is a journalist, as in *The Paradise Eater* by John Reuben Saul. Both Jones and Saul are Canadian authors with a proven talent for writing international best-sellers. Their new books offer forms of armchair escape into dangerous corners of the world. But their approaches are utterly different.

Realistic, tightly formed and untheoretical, *The Paradise Eater* is the tale of a Canadian expatriate who is engulfed by a shogun of corruption in Bangkok. The novel's brooding sense of character and place is so strong, it almost obscures the story. *Winter Palace*, on the other hand, ranges over the world's geopolitical terrain like an all-purpose news tour. A spy in search of a credible character, it features an all-American hero who wanders from Mexico to the Middle East to save the world from impending holocaust. Neither book is wholly satisfying. But *The Paradise Eater* at least includes some evocative reportage.

The main character, John Reid, is a sometime journalist and businessman based in Bangkok who is sent to Communist Laos to negotiate a trade deal. There, he is framed for the brutal murder of a Canadian cousin, suspiciously named Charles and Diana. Finding

Laos, he stinks back over the border to Bangkok, where he is hunted by mysterious gangsters for the rest of the book. Eventually, Field's mission to uncover the conspiracy surrounding him becomes tedious, even to him. And the book's final proof is perceptive anti-communism. What makes the novel interesting is not the story but its ironic observations of corruption—moral and physical—in Thailand's capital city.

Saul's Bangkok is a fabled paradise chased by heat, politics and sexual



Saul's novel of corruption has a strong, doctored subplot

conscience. As the narrative unfolds, the city turns slowly to mud, sinking beneath the floodwaters of the rainy season. But Field loses Bangkok: He is so addicted to the city's sweet, pungent decay that he is inseparable from it. After years of sleeping with prostitutes he has contracted an exotic strain of venereal disease that seems immune to antibiotics. And his medical condition—with regular upstages as the changing color of his discharge—becomes a sinister bacterial subplot.

The Paradise Eater includes repeated excursions into Bangkok's notorious sex bars. Among their denizens are a faded journalist named Henry Cragge, who returns the favor for the

Bangkok Post, and a British novelist named George Espar, who is looking for local color to flesh out his latest thriller. Ultimately, Espar, Cragge and Field all seem like variations on the same character: each is an expatriate writer experimenting with the intoxicating seduction of the urban tropics. And with Espar's character, Saul seems to take a cheap swipe at British author John le Carré—Espar has a French-sounding pen name and writes about "assidy spies." It prose that "seems like an Unbridge crossword puzzle."

Since his *The Spy Who Came in from the Cold* was published in 1963 le Carré has resembled the spy novel, portraying agents as unglamorous pawns in dirty, pointless little wars.

Next to his fiction, most conventional spy stories seem hopelessly shallow. With *Winter Palace*, Jones takes a step back to the dark ages of hero-and-spy fiction. Set in 1950, the novel imagines a Soviet Union ruled by neo-Stalinist leaders who have overthrown General Secretary Mikhail Gorbachev and installed a reign of terror. The title refers to the code name of a Kremlin plot to expel the entire Soviet Jewish population—and use the refugee horde to smuggle as many as 50,000 KGB agents into the West. At the same time, a German ex-Nazi teams up with Syrian Arabs to build two nuclear bombs and hold Israel to ransom. Sam Gale, a former U.S. agent, is badly recruited to save the world on both fronts.

A sprawling, high-action novel, *Winter Palace* slips among characters and locations like a TV mini-series with a bottomless budget. Jones, a former school board official from London, Ont., who is also a scholar of military strategy, has devised an elaborate plot. It grinds toward its target like a well-oiled tank but lacks surprise. And the unconvincing camouflage of the author's overembellished prose is especially annoying. Still, with a first U.S. printing of 100,000 copies, *Winter Palace* is already a success. Evidently, dramatic excursions into foreign intrigue are in high demand—even if the race is less than first class.

—BRIAN D. JENNINGS

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NIGHTS BELOW
STATION STREET

By David Adams Richards
(McClelland and Stewart,
203 pages, \$22.95)

When New Brunswick writer David Adams Richards published his unsparing grim first novel, *The Company of Winter*, in 1974, critics predicted that the 32-year-old would become a major voice in Canadian literature. Since then, neither they nor Richards's readers have been disappointed. And *Nights Below Station Street*, Richards's fifth book, again confirms his reputation as a writer of visceral beauty and compassion.

Set in the early 1970s, the novel depicts working-class life in a fictional town patterned after one of northeastern New Brunswick's sparsely settled towns on the Miramichi River. Full of finely observed characters, the story centres on the daily struggles of the Walsh family. Joe, the father, is a 42-year-old overplayed ex-alcoholic, strong enough to have once carried a piano on his back up a flight of stairs but now affected with a debilitating back problem. His wife, Rita, sits hunched and lethargic in a rocking chair. Adele, the elder of their two daughters, is a bright, angry and insecure 18-year-old who is devoted to her father and desperate to escape her mother's fate. As the plot progresses, the lives of the Walshes and other townspeople increasingly intersect, allowing Joe and Adele a kind of reconciliation.

While firmly rooted in a physical environment of adversity and deprivation, Richards's characters are ultimately concerned with a search for meaningful values and a sense of self-worth. While that quest is dreary, it is also ironically—even cruelly—humorous. Adele's friend, Candi, an epileptic, is told distastefully by a bullying friend, "You're not to be an epileptic for one night!" But if they are unable to articulate the confusion of their lives, the characters of *Nights Below Station Street* still fight bravely to come to terms with a narrow, fatalistic world. Richards neither patronizes that struggle nor romanticizes it. Rather, he gives it dignity while creating something universal out of the unique fictional territory he has carved from the Miramichi Valley.

—NORTON REITS



Quinn Feltre (left), Selaznyeva with Guephuk: nudity and Soviet criticism

THEATRE

All the world onstage

The attempt by Toronto's du Moscow World Stage festival last week to display a sampling of international drama ran against all the odds. Theatre, after all, usually owns a particular language to tell its stories, and one of the festival's patterns was thrust in Russian, Japanese, Serbo-Croatian or any of the other foreign tongues spoken by the visiting acting troupes. But a combination of projected troubles, some vivid and some a great deal of international goodwill has managed to throw a serviceable—although not entirely satisfying—bridge across the cultural gap.

The two-week event, which opened last week and runs to June 18, encompasses experimental productions, including several from abroad, as well as Canadian and numerous smaller shows. There are also public round-table discussions about different styles of theatre—many of which have drawn capacity crowds. And while the drama does not represent the best the world has to offer—or even the peak of current Canadian productions—the festival does provide a rare chance to see some performances of startling inventiveness.

The hottest ticket of the opening week was for the North American premiere of *Shore in the Morning*, staged by The Leningrad May Drama Theatre. *Shore* was written in 1984, but its implicit criticisms of Soviet society and liberal displays of nudity prevented it

from being performed until last year, when the new policy of openness in the U.S.S.R. came into effect. The play tells the story of several Moscow prostitutes who are rounded up by police because the state wants to prevent a hygiene image of the capital during the 1990 Summer Olympics. But by chance, the run-down barmaids where the scenes are set are detained borders the road where the Olympic torch procession passes. That coincidence determines the play's climax, in which the oppressed women—in obvious reference to the remoteness of Soviet society—momentarily escape their prison to take part in the international celebration.

The cast members of *Shore* give some strong, low-key performances, reinforcing a sense of placid melancholy that is peculiarly Russian. Tatiana Shustakova, who plays the drunken Anna, and the beautiful Irina Selaznyeva, as Laura, the prostitute who sees her last chance for love in the arms of cosmopolitan escapee Alexander (Vladimir Guephuk), skillfully depict the full range of hope and despair present in Soviet society. But the script itself lacks dramatic tension—a problem compounded by the poor quality and lack of synchronization of the English subtitles appearing above the stage.

Other foreign companies overcome the language barrier by doing away with dialogue altogether. The lyrical *Water Shores*, from Japan, depicts 18

characters passing, in turn, by a water pump. Not one says a word, but each uses subtle body language and facial expressions to convey the essence of his or her reality. Another production, *Sigheaters*, by the Janzian Avenue Theatre Company of South Africa, enhances its tale of the destruction of a 1980s black bohemian community with more hauntingly lively unaccompanied singing. Two other shows that depend heavily on image and music—*The Whorehouse*, by Argentina's Teatro del Sur, and *Nero to Kew*, by Belgium's Nieuwcompt—occupy the festival's spotlight this week.

Canadian entries include a new work, *Troiscent Plumes*, by the celebrated Robert Lepage, director of Quebec City's Théâtre

Recher. The contrivance of his play is a two-story swimming pool in which the actors slash about while pretending to be immigrants crossing the Atlantic. But while *Troiscent Plumes* contains several witty passages, it is, on the whole, tedious and disappointing. Much more satisfying was the less ambitious *Red's Room*, by Alberta's Brenda Burkes—a wacky funny puppet show about the attempt of two actresses old men to seduce some younger women. Indeed, in its humble way, that show illustrated that language alone remains the most penetrating instrument that a play can possess.

—JOHN BENDISSE

MACLEAN'S ENTERTAINMENT LIST

FICTION

- 1 *The Invention of Solitude*, Ludovic (1)
- 2 *Zero*, David (2)
- 3 *Back Street*, Colleen (3)
- 4 *The Temptations*, King (3)
- 5 *King of the Marrows*, Edwards (3)
- 6 *Parade in Fountains*, Aronson
- 7 *Winter Palace*, Gellman
- 8 *The Beauty of the Vindicta*, Wright (3)
- 9 *Tapestry*, Pines
- 10 *Tenacious*, Condon (10)

NONFICTION

- 1 *A Brief History of Time*, Hawking (2)
- 2 *Memphis*, Jackson (3)
- 3 *Trang*, The Art of the Deal, Trump (1)
- 4 *Taking Sides*, Aronson
- 5 *What's Next*, Aronson
- 6 *Time Flies*, Gellman (3)
- 7 *Thriving on Chaos*, Peters (3)
- 8 *St. Vincent*, Wright (3)
- 9 *Elizabeth Taylor: The Story*, Taylor (3)
- 10 *Canadian Living Cookbook*, Bergman (10)

(1) Fiction list only.

—Compiled by Sandra McFarlane



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Where gentlemen are bred

By Allan Fotheringham

The problem is that Americans are so uncommitted to the civilized ways of using the outdoors. There they go, galumphing through the brush in their boots and checked shirts, looking for a single dove or single quail or lone pheasant before they blast away, often hitting one another. It is all so unexciting. The Brits have a much more sophisticated tradition of blood sports, one that stimulates them to wear sports jackets and ties while indulging in it and never working up a sweat! "Besters" (wing from the lower classes) drive the frightened birds toward the tweed-clad ranks of "hunters" who then blast them out of the sky with *oass*. Row convenient.

We are into this ornithological discussion because of a punch-up at stately Charlottesville, Va., where southern gentlemen are bred and manners still mean something. A jury trial has just found Sir Richard Mayne and two English gamekeepers guilty of killing hundreds of hawks and owls and some dogs to protect the "game birds" and to raise so somebody can lift them. During the six-day trial, one courtroom observer said the defendants had killed "everyone but Lady Chatterley herself!"

Clearly, we have a problem here. Clearly the Yanks can't let the Brits kill too, only they want to be comfortable at it! Obviously, there is a communications gap. It all starts with a German immigrant, as a matter of fact, by the name of John W. Kluge. He is now the second-richest man in the United States—that is, a \$34-billion communications empire.

Three years ago, he bought up 5,000 acres of the lush rolling hillsides of the Virginia Piedmont to build the type of estate that only vulgarity could enjoy. It has a golf course designed by Arnold Palmer, a dach, a chapel and what *Times and Country* magazine called "the grandest house built in America since the 1800s." Included in the plan was the stocking of 1,800 pheasants. *Allan Fotheringham is a columnist for Southern News.*

1,800 ducks and 1,000 partridges so the weekend guests would have something to blast at with their hand-tooled shotguns with the silver inlays.

Mr. Kluge is encouraged in all this excess by Mrs. Kluge. Mr. Kluge is 73. Mrs. Kluge is 39, born in Hingham of a British father and an Irish mother. They have been married eight years. Mrs. Kluge is five-foot-nine. Mr. Kluge is five-foot-four. Does height matter when you're got \$3 bil? Of course not. The lady has taste.

So much taste, in fact, that she—certified philanthropist and socialite—

stoutly is of Greene and assorted Arab princes I digress.

The birds were the problem. Not the tame pheasants and partridges bred for slaughter, but the damned local predators who were fouling up the plan. Sir Richard, an Irish baronet who won his case in court, and the most famous gamekeeper since Mr. Mellors simply shot the intruders. Plus any dogs that wandered over from neighboring farms. Plunked them in a pit. Lady's year one.

The locals were not amused. Charlottesville is almost sacred ground, being the home of Thomas Jefferson, the most gifted of the men who created the nation. It's home, Monticello, on a mountain-top outside the city, is a sacred shrine. He designed the reserved campus of the University of Virginia. He spent much time in Paris, became an expert on wine, started his own vineyard and tried to import many European customs to this rough countryside.

Now, few farms have been swallowed by the Kluges' money to form the Albemarle Estate, with some 900 of its 5,000 acres devoted to the English-style game-shooting. The Kluges give liberally to local charities, in hopes of buying popularity, but the good ole boys who've lost their dogs won't give in.

The arbitrary burials echoing over the hills in weekend induction the "sport" has begun, with the house-painters redlining on their shooting sticks, merrily bringing down on their heads the confused birds sent aloft just above them by the faithful besters.

The former porn queen, hounded from Palm Beach, is trying to organize a local film festival, which the locals have dubbed the "film farn." Five prominent residents are suing after being persuaded to invest in a "lean beef" scheme at the estate, involving breeding and marketing a exotic brand of cattle from Europe. It was, as it turned out, just an elaborate attempt at a tax dodge.

It really doesn't seem to be what Jefferson had in mind when he encouraged the importation of European culture into the backwoods.



mailed in last year as hostess of a Palm Beach \$50,000-a-shot charity ball starring Prince Charles and Lady Di. The only problem was that nasty First Street. The London tabloids uncovered the end news that Patricia Kluge, the new dowry of Palm Beach, used to earn a buck putting for soft-porn "how-to" sexual spreads in a British magazine called *Kluge*.

She was discovered as a belly dancer by Kluge's proprietor, the delightfully named Baron's Guy, who became her husband. And here she was now, trustee of the United World College, Prince Charles's favorite charity. Aim, by the time of the charity ball—thanks to First Street—Mr. and Mrs. Kluge found themselves with diplomatic clearance.

The good work, however, marches on. There are 150 here-drawn outriggers on the estate, sorely needed as one would think, for weekend guests such as Frank Sinatra, Tony Bennett, Barbara Walters, former King Con-



MouthWatering



LipSmacking



Transcendent



UnparAlleled



How people describe
the unsurpassed taste of
Hiram Walker Peach Schnapps.



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